



Gardeen Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2010

Registered Housing Association No.HAC 214

FSA Reference No. 2326R(S)

Scottish Charity No. SC037681

GARDEEN HOUSING ASSOCIATION LIMITED

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GARDEEN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

The Mangement Committee presents its report and the Financial Statements for the year ended 31st March 2010.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2326R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC037681.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

The members of the Management Committee of Gardeen Housing Association are pleased to note the continuation of the prudent approach to the financial affairs of the organisation. The collection of rental income remains a priority for the organisation and performance in this area compares well when measured against our peers.

The Management Committee have a close understanding of the financial affairs of the Association and have reviewed investments to ensure that the Association receives the best return for its investment in light of the current low interest rates. The Association consistently reviews its medium and long term financial projections to ensure the viability of the Association. Operating costs are closely monitored by staff and committee.

The members of the Management Committee are of the opinion that the state of the financial affairs of Gardeen Housing Association is satisfactory. The surplus for the year was £52,211. Net assets now stand at £1,260,875.

The Management Committee are pleased to report a surplus during a year when the Association spent money on replacement kitchens as part of the planned maintenance programme.

The Association continued to provide a management service to Glasgow Housing Association tenants living in Burnmouth Road and Pendeen Road. These homes will be demolished during 2010 and Gardeen will no longer receive allowances from GHA. The land is thereafter likely to be transferred to City Property- an arms length organisation of Glasgow City Council. There are unlikely to be future development opportunities for Gardeen Housing Association in the near future due to funding priorities linked to the Commonwealth Games developments.

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

Management Committee and Executive Officers

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

Each member of the Mangement Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Mangement Committee.

The members of the Mangement Committee are also Trustees of the Charity. Members of the Mangement Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Mangement 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 Mangement Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements 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 Mangement Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Mangement 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 Mangement 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 Mangement 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 Association's Auditors are aware of that information

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

Statement on Internal Financial Control

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Mangement Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Mangement Committee;
- the Mangement Committee receive reports from management and from the external 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 external audit reports.


Donations

During the year the Association made charitable donations amounting to £989. (2009 - £958)

Auditors

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

By order of the Mangement Committee


ROSE O'MALLEY
Secretary
05 August 2010

GARDEEN HOUSING ASSOCIATION LIMITED

**REPORT BY THE AUDITORS TO THE MANGEMENT COMMITTEE OF
GARDEEN HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
05 August 2010

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

We have audited the financial statements of Gardeen Housing Association Limited for the year ended 31st March 2010 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Management Committee and Auditors

As described in the Statement of Management Committee's Responsibilities the Association's Management Committee are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is consistent with the Financial Statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Management Committee's remuneration and transactions with the Association is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Management Committee in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

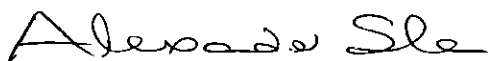
Opinion

In our opinion the Financial Statements:

give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Association's affairs as at 31st March 2010 and of its income and expenditure and cash flow for the year then ended; and

have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion, the information given in the Management Committee's Report is consistent with the financial statements.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
05 August 2010

GARDEEN HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Notes	£	2010 £	£	2009 £
TURNOVER	2.		837,708		806,720
Operating Costs	2.		<u>(732,241)</u>		<u>(648,385)</u>
OPERATING SURPLUS	8.		105,467		158,335
Interest Receivable and Other Income		10,676		45,072	
Interest Payable and Similar Charges	7.	<u>(63,932)</u>		<u>(115,551)</u>	
			<u>(53,256)</u>		<u>(70,479)</u>
SURPLUS ON ORDINARY ACTIVITIES			<u>52,211</u>		<u>87,856</u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

GARDEEN HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2010

	Notes	2010	2009
		£	£
TANGIBLE FIXED ASSETS			
Housing Properties - Depreciated Cost	10.(a)	16,853,836	16,879,942
Less: Social Housing Grant	10.(a)	(14,460,673)	(14,432,078)
: Other Public Grants	10.(a)	(82,034)	(82,034)
		<u>2,311,129</u>	<u>2,365,830</u>
Other fixed assets	10.(b)	53,097	54,809
		<u>2,364,226</u>	<u>2,420,639</u>
CURRENT ASSETS			
Debtors	11.	27,645	25,370
Investments	19.	800,337	802,131
Cash at bank and in hand		338,165	292,811
		<u>1,166,147</u>	<u>1,120,312</u>
CREDITORS: Amounts falling due within one year	12.	(150,612)	(116,766)
NET CURRENT ASSETS		<u>1,015,535</u>	<u>1,003,546</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,379,761</u>	<u>3,424,185</u>
CREDITORS: Amounts falling due after more than one year	13.	(2,118,886)	(2,215,523)
NET ASSETS		<u><u>1,260,875</u></u>	<u><u>1,208,662</u></u>
CAPITAL AND RESERVES			
Share Capital	15.	174	172
Designated Reserves	16.(a)	1,013,106	973,949
Revenue Reserves	16.(b)	247,595	234,541
		<u>1,260,875</u>	<u>1,208,662</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on

05 August 2010

RENA QUINN
Chairperson

DAVID LOVETT
Treasurer

ROSE O'MALLEY
Secretary

R Quinn

D Lovett

RO'Malley

GARDEEN HOUSING ASSOCIATION LIMITED

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2010**

	Notes	2010 £	2009 £
Net Cash Inflow from Operating Activities	14.	197,958	182,403
Returns on Investment and Servicing of Finance			
Interest Received		8,658	48,188
Interest Paid		(63,997)	(115,722)
Net Cash (Outflow) from Investment and Servicing of Finance		(55,339)	(67,534)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(28,595)	(20,071)
Purchase of Other Fixed Assets		(6,530)	(9,659)
Social Housing Grant Received		28,595	16,331
Net Cash (Outflow) from Capital Expenditure and Financial Investment		(6,530)	(13,399)
Net Cash Inflow before use of Liquid Resources and Financing		136,089	101,470
Management of Liquid Resources			
Change in short term deposits with banks		1,794	(41,612)
Financing			
Loan Principal Repayments		(92,540)	(68,963)
Share Capital Issued		11	8
Net Cash Inflow from Financing		(92,529)	(68,955)
Increase/(Decrease) in Cash	14.	<u>45,354</u>	<u>(9,097)</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2008, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Turnover

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

Retirement Benefits

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

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated. Housing Properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount.

Depreciation And Impairment Of Other Fixed Assets

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

Office Premises	- over 30 years
Office Equipment	- 20% straight line

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

Social Housing Grant And Other Grants In Advance/Arrears

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

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

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

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Sales Of Housing Properties

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

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

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

Works to Existing Properties

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

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

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

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

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

Property Development Cost

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

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

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTIAL/ALTERNATIVE TURNOVER, (COST OF SALES), OPERATING COSTS AND OPERATING SURPLUS

	Notes	2010			2009		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	760,490	634,129	126,361	730,072	551,009	179,063
Other Activities	4.	77,218	98,112	(20,894)	76,648	97,376	(20,728)
Total		837,708	732,241	105,467	806,720	648,385	158,335

3. PARTIAL/ALTERNATIVE GENERAL EXPENDITURE FROM SOCIAL HOUSING

	General Needs Housing £	Supported Housing £	Shared ownership £	2010 Total £	2009 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	760,576	-	-	760,576	730,310
Gross Rents Receivable	760,576	-	-	760,576	730,310
Less: Rent losses from voids	86	-	-	86	238
Net Rents Receivable	760,490	-	-	760,490	730,072
Total Income From Social Letting	760,490	-	-	760,490	730,072
Expenditure on Social Letting Activities					
Service Costs	28,753	-	-	28,753	27,452
Management and maintenance administration costs	260,853	-	-	260,853	254,857
Reactive Maintenance	77,851	-	-	77,851	72,680
Bad Debts - Rents and Service Charges	(115)	-	-	(115)	1,142
Planned and Cyclical Maintenance, including Major Repairs	212,086	-	-	212,086	145,432
Depreciation of Social Housing	54,701	-	-	54,701	49,446
Operating Costs of Social Letting	634,129	-	-	634,129	551,009
Operating Surplus on Social Letting Activities	126,361	-	-	126,361	179,063
2009				179,063	

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2010	Operating Surplus / (Deficit) 2009
	£	£	£	£	£	£	£	£	£
Wider Role Activities	30,840	-	-	-	30,840	-	33,698	(2,858)	(30)
Factoring	-	-	-	560	560	-	561	(1)	(6)
Agency / Management services for other RSLs	-	45,818	-	-	45,818	-	45,818	-	-
Tenant Participation	-	-	-	-	-	-	15,380	(15,380)	(13,169)
Rechargeable Repairs	-	-	-	-	-	2,655	-	(2,655)	(7,523)
Total From Other Activities	30,840	45,818	-	560	77,218	2,655	95,457	(20,894)	(20,728)
2009	76,088	-	-	560	76,648	7,523	89,853	(20,728)	

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

2010	2009
£	£

No Officer of the Association received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)

<u>47,018</u>	<u>46,052</u>
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6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was

2010	2009
No.	No.
<u>5</u>	<u>5</u>

Staff Costs were:

Wages and Salaries
Social Security Costs
Other Pension Costs

£	£
160,818	157,903
12,238	11,892
24,850	24,093
<u>197,906</u>	<u>193,888</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INTEREST PAYABLE

	2010	2009
	£	£
On Bank Loans & Overdrafts	<u>63,932</u>	<u>115,551</u>

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	62,943	59,833
Auditors' Remuneration - Audit Services	5,100	5,000
Auditors' Remuneration - Other Services	<u>642</u>	<u>415</u>

9. TAX ON PROFITS ON ORDINARY ACTIVITIES

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

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. INTANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2009	17,293,174	17,293,174
Additions	28,595	28,595
Disposals	-	-
Schemes Completed	-	-
As at 31st March 2010	<u>17,321,769</u>	<u>17,321,769</u>
DEPRECIATION		
As at 1st April 2009	413,232	413,232
Charge for Year	54,701	54,701
Disposals	-	-
As at 31st March 2010	<u>467,933</u>	<u>467,933</u>
SOCIAL HOUSING GRANT		
As at 1st April 2009	14,432,078	14,432,078
Additions	28,595	28,595
Disposals	-	-
Schemes Completed	-	-
As at 31st March 2010	<u>14,460,673</u>	<u>14,460,673</u>
OTHER CAPITAL GRANTS		
As at 1st April 2009	82,034	82,034
Additions	-	-
Disposals	-	-
Schemes Completed	-	-
As at 31st March 2010	<u>82,034</u>	<u>82,034</u>
NET BOOK VALUE		
As at 31st March 2010	<u>2,311,129</u>	<u>2,311,129</u>
As at 31st March 2009	<u>2,365,830</u>	<u>2,365,830</u>

Additions to housing properties includes capitalised development administration costs of £2,600 (2009 - £5,224) and capitalised major repair costs to existing properties of £nil (2009 £nil)

All land and housing properties are freehold.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1st April 2009	75,578	85,613	161,191
Additions	-	6,530	6,530
Eliminated on Disposals	-	-	-
As at 31st March 2010	<u>75,578</u>	<u>92,143</u>	<u>167,721</u>
AGGREGATE DEPRECIATION			
As at 1st April 2009	34,035	72,347	106,382
Charge for year	2,519	5,723	8,242
Eliminated on disposal	-	-	-
As at 31st March 2010	<u>36,554</u>	<u>78,070</u>	<u>114,624</u>
NET BOOK VALUE			
As at 31st March 2010	<u>39,024</u>	<u>14,073</u>	<u>53,097</u>
As at 31st March 2009	<u>41,543</u>	<u>13,266</u>	<u>54,809</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. DEBTORS

	2010	2009
	£	£
Arrears of Rent & Service Charges	9,129	9,461
Less: Provision for Doubtful Debts	<u>(1,630)</u>	<u>(1,439)</u>
	7,499	8,022
Other Debtors	<u>20,146</u>	<u>17,348</u>
	<u><u>27,645</u></u>	<u><u>25,370</u></u>

12. CURRENT LIABILITIES: Amounts falling due within one year

	2010	2009
	£	£
Housing Loans	71,496	67,399
Trade Creditors	25,660	1,330
Rent in Advance	34,857	36,172
Other Taxation and Social Security	4,074	-
Accruals and Deferred Income	<u>14,525</u>	<u>11,865</u>
	<u><u>150,612</u></u>	<u><u>116,766</u></u>

At the balance sheet date there were pension contributions outstanding of £3,106 (2009 £nil)

13. CURRENT LIABILITIES: Amounts falling due after more than one year

	2010	2009
	£	£
Housing Loans	<u>2,118,886</u>	<u>2,215,523</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	71,496	67,399
Between one and two years	73,350	69,564
Between two and five years	231,788	145,952
In five years or more	<u>1,813,748</u>	<u>2,000,007</u>
	2,190,382	2,282,922
Less: Amount shown in Current Liabilities	<u>71,496</u>	<u>67,399</u>
	<u><u>2,118,886</u></u>	<u><u>2,215,523</u></u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2010 £	2009 £
Operating Surplus	105,467	158,335
Depreciation	62,943	59,833
Change in Debtors	(257)	4,115
Change in Creditors	29,814	(39,870)
Share Capital Written Off	(9)	(10)
Net Cash Inflow from Operating Activities	<u>197,958</u>	<u>182,403</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2010 £		2009 £	
Increase/(Decrease) in Cash	45,354		(9,097)	
Cash flow from management of liquid resources	(1,794)		41,612	
Cash flow from change in debt	<u>92,540</u>		<u>68,963</u>	
Movement in net debt during year		136,100		101,478
Net debt at 1st April 2009		<u>(1,187,980)</u>		<u>(1,289,458)</u>
Net debt at 31st March 2010		<u>(1,051,880)</u>		<u>(1,187,980)</u>

<i>Analysis of changes in net debt</i>	At 01.04.09 £	Cash Flows £	At 31.03.10 £
Cash at bank and in hand	292,811	45,354	338,165
Bank Overdrafts	-	-	-
	<u>292,811</u>	<u>45,354</u>	<u>338,165</u>
Liquid Resources	802,131	(1,794)	800,337
Debt: Due within one year	(67,399)	(4,097)	(71,496)
Due after more than one year	(2,215,523)	96,637	(2,118,886)
Net Debt	<u>(1,187,980)</u>	<u>136,100</u>	<u>(1,051,880)</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2009	172
Issued in year	11
Cancelled in year	<u>(9)</u>
At 31st March 2010	<u>174</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.

16. RESERVES

(a) Designated Reserves	Cyclical Maintenance	Major Repairs	Total
	£	£	£
At 1st April 2009	123,589	850,360	973,949
Transfer from Revenue Reserves	-	<u>39,157</u>	<u>39,157</u>
At 31st March 2010	<u>123,589</u>	<u>889,517</u>	<u>1,013,106</u>
(b) Revenue Reserves			Total £
At 1st April 2009			234,541
Surplus for the Year			52,211
Transfer to Designated Reserves			<u>(39,157)</u>
At 31st March 2010			<u>247,595</u>

17. PROPERTIES

The number of units of accommodation in management at the year end was:-	2010	2009
	No.	No.
General Needs - New Build	130	130
- Rehabilitation	<u>125</u>	<u>125</u>
	<u>255</u>	<u>255</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. RELATED PARTY TRANSACTIONS

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

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

- 10 members are tenants of the Association
- 1 member is a factored owner

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.

19. CURRENT ASSET INVESTMENTS

	2010	2009
	£	£
Short Term Deposits	800,337	802,131

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. PENSION BENEFIT OBLIGATIONS (Continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

Financial Assumptions

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% p.a.
- Investment return pre-retirement	7.2
- Investment return post-retirement	4.9
- Rate of Salary increases	4.6
- Rate of pension increases:	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

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

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RETIREMENT BENEFIT (OR PENSION) (Continued)

Valuation Results

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

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

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

Following consideration of the results of the valuation it was agreed that the shortfall of £54m would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

<i>Benefit Structure</i>	<i>Joint contribution rate (% of pensionable salaries)</i>
Final salary 60ths	23.1% comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9% comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9% comprising employer contributions of 11.9% and member contributions of 6.0%

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. REQUIREMENTS BENEFIT OBLIGATIONS (Continued)

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The current triennial valuation, as at 30 September 2009, is being undertaken by a professionally qualified actuary. The provisional results of this valuation were issued by the SFHA Pension scheme in May 2010. These figures show that the deficit on the scheme has increased from £53.6 million to £160 million. The funding level of liabilities, based on these figures, would be 64.8% (2006 - 83.4%).

As a result of this valuation the total contribution rate must increase on average by 7% of pensionable earnings for all existing benefit option structures from April 2011.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.