

Gardeen Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2012

Registered Housing Association No.HAC 214

FSA Reference No. 2326R(S)

Scottish Charity No. SC037681

GARDEEN HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE MANAGEMENT COMMITTEE EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2
REPORT BY THE INDEPENDENT AUDITORS ON CORPORATE GOVERNANCE MATTERS	5
REPORT OF THE INDEPENDENT AUDITORS	6
INCOME AND EXPENDITURE ACCOUNT	8
BALANCE SHEET	9
CASH FLOW STATEMENT	10
NOTES TO THE FINANCIAL STATEMENTS	11

GARDEEN HOUSING ASSOCIATION LIMITED**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS**

YEAR ENDED 31ST MARCH 2012**MANAGEMENT COMMITTEE**

R Quinn	Chairperson
R O'Malley	Secretary
I Hunt	
R Clark	
D Lovett	Treasurer
M Smith	
S Maly	
M Leat	
C Cameron	
M McGuigan	

EXECUTIVE OFFICERS

Roslyn Crawford	Director
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REGISTERED OFFICE

32 Garlieston Road
Barlanark
Glasgow
G33 4UD

AUDITORS

French Duncan LLP
Chartered Accountant &
Statutory Auditor
375 West George Street
Glasgow
G2 4LW

BANKERS

Royal Bank of Scotland
1304 Duke Street
Glasgow
G31 5PZ

SOLICITORS

T C Young
7 West George Street
Glasgow
G2 1BA

FINANCE AGENTS

FMD Financial Services
Unit 29, Ladyloan Place
Drumchapel
G15 8LB

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2012

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2012.

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

This is the first year that the annual accounts have been produced using component accounting and the first year that the annual accounts have been audited by French Duncan.

The Management Committee of Gardeen Housing Association Limited 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. This may change in future years as a result of the welfare reform.

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 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 Limited is satisfactory. The surplus for the year was £144,211 and Net Assets now stand at £1,643,558.

There is a reduction in the surplus from the previous year, but this was as a result of known and budgeted additional expenditure in 2012. The Association remains on course to deliver a programme of planned maintenance over the next few years including new kitchens and bathrooms to ensure that Gardeen Housing Association Limited's homes are maintained to a high standard.

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2012

Management Committee and Executive Officers

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

Each member of the Management 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 Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management 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 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 Industrial and Provident Societies Acts 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. They are 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 is 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 has 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.

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2012

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 misstatement 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;
- 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 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; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

Donations

During the year the Association made charitable donations amounting to £1,050 (2011: £1,464).

Auditors

French Duncan LLP, Chartered Accountants were appointed as auditors during the year and a resolution to reappoint them as auditors will be proposed at the AGM.

By order of the Management Committee

..... *R. O. Malley*
R O'Malley - Secretary

Date: *23 August 2012*

GARDEEN HOUSING ASSOCIATION LIMITED**REPORT BY THE AUDITORS TO THE MANAGEMENT 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.



FRENCH DUNCAN LLP
Chartered Accountants &
Statutory Auditors
375 West George Street
Glasgow
G2 4LW

Date: 23 August 2012

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 2012 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 for 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 2012 and of its income and expenditure 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 Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GARDEEN HOUSING ASSOCIATION LIMITED (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

French Duncan LLP

FRENCH DUNCAN LLP
Chartered Accountants &
Statutory Auditors
375 West George Street
Glasgow
G2 4LW

Date: *23 August 2012*

GARDEEN HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

	Notes	2012		2011
		£	£	As restated £
TURNOVER	2		804,306	808,346
Operating Costs	2		<u>625,684</u>	<u>598,644</u>
OPERATING SURPLUS	7		178,622	209,702
Interest Receivable and Other Income		16,857	10,126	
Interest Payable and Similar Charges	8	<u>(51,268)</u>	<u>(52,811)</u>	
			<u>(34,411)</u>	<u>(42,685)</u>
SURPLUS FOR THE YEAR			<u>144,211</u>	<u>167,017</u>

All amounts relate to continuing activities.

**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDED
31st MARCH 2012**

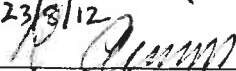
	Notes	2012		2011
		£	£	As restated £
Surplus for the year			144,211	<u>167,017</u>
Prior year adjustment	17		<u>89,617</u>	
Total surpluses and deficits recognised since last reporting period			<u>233,828</u>	


GARDEEN HOUSING ASSOCIATION LIMITED

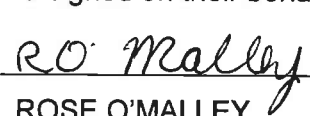
BALANCE SHEET AS AT 31st MARCH 2012

	Notes	2012		2011	
		£	£	£	As restated £
TANGIBLE FIXED ASSETS					
Housing Properties – Depreciated Cost			16,540,116		16,613,405
Less: Social Housing Grant	10 (a)		(14,193,503)		(14,184,149)
Other Public Grants	10 (a)		(82,034)		(82,034)
			<u>2,264,579</u>		<u>2,347,222</u>
Other fixed assets	10 (a) 10 (b)		42,867		50,373
			<u>2,307,446</u>		<u>2,397,595</u>
CURRENT ASSETS					
Debtors	11	38,669		51,217	
Investments	20	907,000		900,000	
Cash at bank and in hand		416,826		255,396	
			<u>1,362,495</u>	<u>1,206,613</u>	
CREDITORS: Amounts falling due within one year	12		<u>(143,549)</u>	<u>(136,913)</u>	
NET CURRENT ASSETS			<u>1,218,946</u>	<u>1,069,700</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,526,392</u>	<u>3,467,295</u>	
CREDITORS: Amounts falling due after more than one year	13		<u>(1,882,834)</u>	<u>(1,967,951)</u>	
NET ASSETS			<u>1,643,558</u>	<u>1,499,344</u>	
CAPITAL AND RESERVES					
Share Capital	15		182		180
Designated Reserves	16 (a)		1,134,543		1,124,740
Revenue Reserves	16 (b)		508,833		374,424
			<u>1,643,558</u>		<u>1,499,344</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 23/3/12


 RENA QUINN
 Chairperson


 DAVID LOVETT
 Treasurer


 ROSE O'MALLEY
 Secretary

GARDEEN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	Notes	2012	2011
		£	As restated £
Net Cash Inflow from Operating Activities	14	296,272	274,754
Returns on Investment and Servicing of Finance			
Interest Received		16,857	10,126
Interest Paid		<u>(51,268)</u>	<u>(52,811)</u>
Net Cash Outflow from Investment and Servicing of Finance		(34,411)	(42,685)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(26,180)	(66,639)
Social Housing Grant Received		16,294	9,930
Purchase of Other Fixed Assets		<u>(534)</u>	<u>(6,461)</u>
Net Cash Outflow from Capital Expenditure and Financial Investment		<u>(10,420)</u>	<u>(63,170)</u>
Net Cash Inflow before use of Liquid Resources and Financing		251,441	168,899
Management of Liquid Resources			
Change in short term deposits with banks		(7,000)	(99,663)
Financing			
Loan Principal Repayments		(83,018)	(152,015)
Share Capital Issued		<u>7</u>	<u>10</u>
Net Cash Outflow from Financing		<u>(83,011)</u>	<u>(152,005)</u>
Increase/(Decrease) in Cash	14	<u>161,430</u>	<u>(82,769)</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

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 2010, 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, factoring income, fees receivable and revenue grants receivable.

Retirement Benefits

The Association participates in the Scottish Housing Associations' 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.

Depreciation of Housing Properties

The Association adopted component accounting during the financial year. Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce the net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components are shown in the table below.

	Depreciation Period (Years)
Structure	50
Roof	50
Windows	30
Kitchens	15
Bathrooms	25
Radiators	26
Boilers	13
Electrics	40
Doors	30-35

The year to 31 March 2012 represents the first full year of implementation of component accounting (prior to this only two components – land and buildings were recognised).

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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.

GARDEEN HOUSING ASSOCIATION LIMITED**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

NOTES TO THE FINANCIAL STATEMENTS (Continued)**1 PRINCIPAL ACCOUNTING POLICIES (Continued)****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 2012
NOTES TO THE FINANCIAL STATEMENTS (Continued)
2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	Turnover	2012 Operating Costs	Operating Surplus/ (Deficit)	Turnover	2011 Operating Costs	Operating Surplus/ (Deficit) As restated
		£	£	£	£	£	£
Social Lettings	3	785,446	584,811	200,635	761,481	535,220	226,261
Other Activities	4	<u>18,860</u>	<u>40,873</u>	<u>(22,013)</u>	<u>46,865</u>	<u>63,424</u>	<u>(16,559)</u>
Total		<u>804,306</u>	<u>625,684</u>	<u>178,622</u>	<u>808,346</u>	<u>598,644</u>	<u>209,702</u>

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared Owner- ship	2012 Total	2011 Total As restated
	£	£	£	£	£
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	<u>785,552</u>	<u>-</u>	<u>-</u>	<u>785,552</u>	<u>761,746</u>
Gross Rents Receivable					<u>761,746</u>
Less: Rent losses from voids	<u>106</u>	<u>-</u>	<u>-</u>	<u>106</u>	<u>265</u>
Net Rents Receivable	<u>785,446</u>	<u>-</u>	<u>-</u>	<u>785,446</u>	<u>761,481</u>
Total Income from Social Letting	<u>785,446</u>	<u>-</u>	<u>-</u>	<u>785,446</u>	<u>761,481</u>
Expenditure on Social Letting Activities					
Service Costs	37,071	-	-	37,071	38,874
Management and maintenance administration costs	331,611	-	-	331,611	299,033
Reactive Maintenance	84,034	-	-	84,034	78,465
Bad Debts – Rents and Service Charges	(1,080)	-	-	(1,080)	1,570
Planned and Cyclical Maintenance, including Major Repairs	40,646	-	-	40,646	25,216
Depreciation of Social Housing	<u>92,529</u>	<u>-</u>	<u>-</u>	<u>92,529</u>	<u>92,062</u>
Operating Costs of Social Letting	<u>584,811</u>	<u>-</u>	<u>-</u>	<u>584,811</u>	<u>535,220</u>
Operating Surplus on Social Letting Activities	<u>200,635</u>	<u>-</u>	<u>-</u>	<u>200,635</u>	<u>226,261</u>
2011	<u>226,261</u>	<u>-</u>	<u>-</u>	<u>226,261</u>	

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus /(Deficit) 2012 £	Operating Surplus /(Deficit) 2011 £
Wider Role Activities	-	684	-	-	684	-	3,617	(2,933)	(1,175)
Factoring	-	-	-	577	577	-	577	-	-
Other (Energy Performance)	-	17,599	-	-	17,599	-	17,599	-	-
Tenant Participation	-	-	-	-	-	-	18,820	(18,820)	(10,931)
Rechargeable Repairs	-	-	-	-	-	260	-	(260)	(4,453)
Total from Other Activities	-	18,283	-	577	18,860	260	40,613	(22,013)	(16,559)
2011	30,000	-	-	16,865	46,865	4,453	58,971	(16,559)	

GARDEEN HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012
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.

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

	2012	2011
	£	£
Emoluments payable to Chief Executive (excluding pension contributions)	<u>47,632</u>	<u>47,228</u>

6. EMPLOYEE INFORMATION

	2012	2011
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>5</u>	<u>5</u>
Staff Costs were:	£	£
Wages and Salaries	172,373	168,097
Social Security Costs	13,796	12,818
Other Pension Costs	<u>34,741</u>	<u>25,668</u>
	<u>220,910</u>	<u>206,583</u>

7. OPERATING SURPLUS

	2012	2011
	£	As restated £
This is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	100,569	101,247
Auditors' Remuneration - Audit Services	6,300	5,500
- Other Services	<u>-</u>	<u>957</u>

8. INTEREST PAYABLE

	2012	2011
	£	£
On Bank Loans & Overdrafts	<u>51,268</u>	<u>52,811</u>

GARDEEN HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012
NOTES TO THE FINANCIAL STATEMENTS (Continued)
9. 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.

10. TANGIBLE FIXED ASSETS

	Housing Properties Held for Letting 2012	Total 2011 As restated
	£	£
a) Housing Properties		
COST		
As at 1st April 2011(As restated)	17,446,621	17,423,240
Additions	26,180	66,639
Disposals	(8,721)	(43,258)
As at 31st March 2012	<u>17,464,080</u>	<u>17,446,621</u>
DEPRECIATION		
As at 1st April 2011 (As restated)	833,216	747,708
Charge for Year	92,529	92,062
Disposals	(1,781)	(6,554)
As at 31st March 2012	<u>923,964</u>	<u>833,216</u>
SOCIAL HOUSING GRANT		
As at 1st April 2011 (As restated)	14,184,149	14,210,923
Additions	16,294	9,930
Disposals	(6,940)	(36,704)
As at 31st March 2012	<u>14,193,503</u>	<u>14,184,149</u>
OTHER CAPITAL GRANTS		
As at 1st April 2011	<u>82,034</u>	<u>82,034</u>
As at 31st March 2012	<u>82,034</u>	<u>82,034</u>
NET BOOK VALUE		
As at 31st March 2012	<u>2,264,579</u>	<u>2,347,222</u>
As at 31st March 2011(As restated)	<u>2,347,222</u>	<u>2,382,575</u>

Additions to housing properties includes capitalised development administration costs of £1,481 (2011 - £903) and capitalised major repair costs to existing properties of £9,930 (2011 - £56,468).

All land and housing properties are heritable.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

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 2011	75,578	98,604	174,182
Additions	-	534	534
As at 31st March 2012	<u>75,578</u>	<u>99,138</u>	<u>174,716</u>
AGGREGATE DEPRECIATION			
As at 1st April 2011	39,073	84,736	123,809
Charge for year	2,519	5,521	8,040
As at 31st March 2012	<u>41,592</u>	<u>90,257</u>	<u>131,849</u>
NET BOOK VALUE			
As at 31st March 2012	<u>33,986</u>	<u>8,881</u>	<u>42,867</u>
As at 31st March 2011	<u>36,505</u>	<u>13,868</u>	<u>50,373</u>

11. DEBTORS

	2012 £	2011 £
Arrears of Rent & Service Charges	7,066	6,120
Less: Provision for Doubtful Debts	(1,182)	(1,630)
Other Debtors	5,884	4,490
	<u>32,785</u>	<u>46,727</u>
	<u>38,669</u>	<u>51,217</u>

12. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Housing Loans	72,515	70,416
Trade Creditors	21,950	14,798
Rent in Advance	30,565	35,925
Other Taxation and Social Security	4,455	4,334
Accruals and Deferred Income	9,801	8,232
Other Creditors	4,263	3,208
	<u>143,549</u>	<u>136,913</u>

At the balance sheet date there were pension contributions outstanding of £4,263 (2011 - £3,208).

GARDEEN HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012
NOTES TO THE FINANCIAL STATEMENTS (Continued)
13. CREDITORS: Amounts falling due after more than one year

	2012	2011
	£	£
Housing Loans	<u>1,882,834</u>	<u>1,967,951</u>
<p>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:-</p>		
Within one year	72,515	70,416
Between one and two years	74,438	72,272
Between two and five years	373,887	150,365
In five years or more	<u>1,434,509</u>	<u>1,745,314</u>
	1,955,349	2,038,367
Less: Amount shown in Current Liabilities	<u>72,515</u>	<u>70,416</u>
	<u>1,882,834</u>	<u>1,967,951</u>

14. CASH FLOW STATEMENT
Reconciliation of operating surplus to net cash inflow from operating activities

	2012	2011
	£	As restated £
Operating Surplus	178,622	209,702
Depreciation	100,569	101,247
Change in Debtors	12,548	(23,572)
Change in Creditors	4,538	(12,619)
Share Capital Written Off	(5)	(4)
Net Cash Inflow from Operating Activities	<u>296,272</u>	<u>274,754</u>

Reconciliation of net cash flow to movement in net debt

	2012	2011
	£	£
Increase / (Decrease) in Cash	161,430	(82,769)
Cash flow from management of liquid resources	7,000	99,663
Cash flow from change in debt	<u>83,018</u>	<u>152,015</u>
Movement in net debt during year	251,448	168,909
Net debt at 1st April 2011	<u>(882,971)</u>	<u>(1,051,880)</u>
Net debt at 31st March 2012	<u>(631,523)</u>	<u>(882,971)</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. CASH FLOW STATEMENT (Continued)

Analysis of changes in net debt	At 1 April 2011 £	Cash Flows £	Other Changes £	At 31 March 2012 £
Cash at bank and in hand	255,396	161,430	-	416,826
	<u>255,396</u>	<u>161,430</u>		<u>416,826</u>
Liquid Resources	900,000	7,000	-	907,000
Debt: Due within one year	(70,416)	83,018	(85,117)	(72,515)
Due after more than one year	(1,967,951)	-	85,117	(1,882,834)
	<u>(882,971)</u>	<u>251,448</u>	<u>-</u>	<u>(631,523)</u>

15. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2011	180
Issued in year	7
Cancelled in year	(5)
At 31st March 2012	<u>182</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 2011	123,589	1,001,151	1,124,740
Transfer from Revenue Reserves	-	9,803	9,803
At 31 st March 2012	<u>123,589</u>	<u>1,010,954</u>	<u>1,134,543</u>
			Total £
(b) Revenue Reserves			284,808
At beginning of year as previously stated			89,617
Prior year adjustment			374,425
At beginning of year as restated			144,211
Surplus for the year			(9,803)
Transfer to Designated Reserves			
At 31st March 2012			<u>508,833</u>

GARDEEN HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012
NOTES TO THE FINANCIAL STATEMENTS (Continued)
17. PRIOR YEAR ADJUSTMENT

As described in Note 1 (Accounting Policies) the company adopted component accounting during the year under review. This resulted in a restatement of previous years' results whereby costs which had previously been written off to major repairs were capitalised as a component of the property and depreciated over their useful lives. The surplus in 2011 was increased by £18,170 and similarly Housing Assets were increased by the same amount. The total adjustment comprised an increase to reserves and assets of £89,617.

18. HOUSING STOCK

	2012	2011
	No.	No.
The number of units of accommodation in management at the year end was:-		
General Needs - New Build	130	130
- Rehabilitation	125	125
	<u>255</u>	<u>255</u>

19. 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:

9 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.

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 are made at arm's length and is under normal commercial terms.

20. CURRENT ASSET INVESTMENTS

	2012	2011
	£	£
Short Term Deposits	<u>907,000</u>	<u>900,000</u>

GARDEEN HOUSING ASSOCIATION LIMITED**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012****NOTES TO THE FINANCIAL STATEMENTS (Continued)****21. RETIREMENT BENEFIT OBLIGATIONS (Continued)****General**

Gardeen 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.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Gardeen Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2012 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2012.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting year, Gardeen Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 5 active members of the Scheme employed by Gardeen Housing Association Limited. The annual pensionable payroll in respect of these members was £171,006. Gardeen Housing Association Limited continues to offer membership of the Scheme to its employees.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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 financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2009 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (equivalent to a past service funding level of 64.8%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2009 were as follows:

	% p.a.
- Investment return pre-retirement	7.4
- Investment return post-retirement - non pensioners	4.6
- Investment return post-retirement – pensioners	4.8
- Rate of salary increases	4.5
- Rate of pension increases:	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

GARDEEN HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012
NOTES TO THE FINANCIAL STATEMENTS (Continued)
21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

	Males Assumed life expectancy in years at age 65	Females Assumed life expectancy in years at age 65
Non-pensioners	18.1	20.6
Pensioners	18.1	20.6

Valuation Results

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

Benefit Structure	Long-term joint contribution rate (% of pensionable)
Final salary - 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

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 £160m would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1st April 2011, increasing each 1 April in line with the rate of salary increases assumption.

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.

GARDEEN HOUSING ASSOCIATION LIMITED**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

NOTES TO THE FINANCIAL STATEMENTS (Continued)**21. RETIREMENT BENEFIT OBLIGATIONS (Continued)**

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.

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Association's Pension Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt on withdrawal for Gardeen Housing Association Limited has been calculated as £1,149,998.