

Gardeen Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2013

Registered Housing Association No.HAC 214

FCA 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 AUDITORS ON CORPORATE GOVERNANCE MATTERS	5
REPORT OF THE AUDITORS	6
INCOME AND EXPENDITURE ACCOUNT	8
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	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 2013**

MANAGEMENT COMMITTEE

R Quinn	
R O'Malley	Secretary
I Hunt	Resigned August 2012
R Clark	
D Lovett	Treasurer
M Smith	
S Maly	Resigned October 2012
M Leat	
C Cameron	Chairperson
M McGuigan	
H Boyd	Co-optee
C Brewer	Co-optee

EXECUTIVE OFFICERS

Roslyn Crawford	Director
-----------------	----------

REGISTERED OFFICE

32 Garlieston Road
Barlanark
Glasgow
G33 4UD

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

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
G5 8LB

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2013.

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 Management Committee of Gardeen Housing Association is 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 will be a challenge for the Association as a result of the impact of welfare reform with reductions in housing benefit and direct payments to tenants.

The Management Committee has a close understanding of the financial affairs of the Association and has 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 Management Committee also pays attention to the loan portfolio and constantly monitors the impact of financial decisions on the covenants that the Association has agreed with lenders. The Management Committee is also monitoring the position with the final salary scheme and the impact that increased contributions may have on the business of the Association.

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 after taxation was £153,871. Net assets stood at £1,797,422.

The Association is committed to delivering a programme of planned maintenance over the next few years including new kitchens and bathrooms to ensure that Gardeen Housing Association homes are maintained to a high standard and that the investment in the community is protected.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

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 it to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee 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 have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

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; and
- the safeguarding of assets against unauthorised use or disposition.

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- 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 £1,430 (2012 - £1,050).

Auditors

Alexander Sloan, Chartered Accountants were appointed as auditors during the year and a resolution to re-appoint them as auditors will be proposed at the Annual General Meeting.

By order of the Management Committee



R O'MALLEY

Secretary

08 August 2013

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.

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 &
Statutory Auditors
38 Cadogan Street
GLASGOW
G2 7HF
08 August 2013

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 2013 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, is responsible for the preparation of the Financial Statements that give a true and fair view.

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

Scope of the audit on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements; or
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation; or

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

Matters on which we are required to report by exception (continued)

- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association; or
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants &
Statutory Auditors
38 Cadogan Street
GLASGOW
G2 7HF
08 August 2013

GARDEEN HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
TURNOVER	2		827,763		804,306
Operating Costs	2		<u>(646,595)</u>		<u>(625,684)</u>
OPERATING SURPLUS	8		181,168		178,622
Interest Receivable and Other Income		22,561		16,857	
Interest Payable and Similar Charges	7	<u>(49,858)</u>		<u>(51,268)</u>	
			<u>(27,297)</u>		<u>(34,411)</u>
SURPLUS FOR THE YEAR			<u>153,871</u>		<u>144,211</u>

All amounts relate to continuing activities. Historical cost surpluses and deficits are identical to those shown in the accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2013 £	2012 £
Surplus for the financial year	153,871	144,211
Prior year adjustment	<u>-</u>	<u>89,617</u>
Total surpluses and deficits recognised since last annual report	<u>153,871</u>	<u>233,828</u>

GARDEEN HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2013

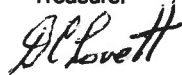
	Notes	£	2013 £	£	2012 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	10(a)		16,473,532		16,540,116
Less: Social Housing Grant	10(a)		(14,107,284)		(14,193,503)
Other Public Grants	10(a)		(82,034)		(82,034)
			<u>2,284,214</u>		<u>2,264,579</u>
Other fixed assets	10(b)		45,014		42,867
			<u>2,329,228</u>		<u>2,307,446</u>
CURRENT ASSETS					
Debtors	11	37,550		38,669	
Investments	19	950,000		907,000	
Cash at bank and in hand		441,500		416,826	
			<u>1,429,050</u>	<u>1,362,495</u>	
CREDITORS: Amounts falling due within one year	12	(168,206)		(143,549)	
NET CURRENT ASSETS			<u>1,260,844</u>		<u>1,218,946</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,590,072</u>		<u>3,526,392</u>
CREDITORS: Amounts falling due after more than one year	13		(1,792,650)		(1,882,834)
NET ASSETS			<u>1,797,422</u>		<u>1,643,558</u>
CAPITAL AND RESERVES					
Share Capital	15		175		182
Designated Reserves	16(a)		1,134,543		1,134,543
Revenue Reserves	16(b)		662,704		508,833
			<u>1,797,422</u>		<u>1,643,558</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 08 August 2013.

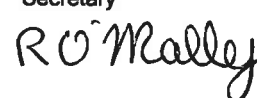
C CAMERON
Chairperson



D LOVETT
Treasurer



R O'MALLEY
Secretary



GARDEEN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
Net Cash Inflow from Operating Activities	14		312,566		296,272
Returns on Investment and Servicing of Finance					
Interest Received		22,561		16,857	
Interest Paid		(49,858)		(51,268)	
Net Cash Outflow from Investment and Servicing of Finance			(27,297)		(34,411)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(140,856)		(26,180)	
Purchase of Other Fixed Assets		(11,326)		(534)	
Social Housing Grant Received		22,539		16,294	
Net Cash Outflow from Capital Expenditure and Financial Investment			(129,643)		(10,420)
Net Cash Inflow before use of Liquid Resources and Financing			155,626		251,441
Management of Liquid Resources					
Change in short term deposits with banks			(43,000)		(7,000)
Financing					
Loan Principal Repayments		(87,957)		(83,018)	
Share Capital Issued		5		7	
Net Cash Outflow from Financing			(87,952)		(83,011)
Increase in Cash	14		24,674		161,430

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 Determination of Accounting Requirements 2012. 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 Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. Heritable land is not depreciated. All components are categorised as Housing Properties within note 10 Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Roof	50 years
Windows	30 years
Kitchens	15 years
Bathrooms	25 years
Radiators	26 years
Boilers	13 years
Electrics	40 years
Doors	30-35 years

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

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

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 attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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

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.

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.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2013			2012		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3	827,155	619,360	207,795	785,446	584,811	200,635
Other Activities	4	608	27,235	(26,627)	18,860	40,873	(22,013)
Total		827,763	646,595	181,168	804,306	625,684	178,622

3 PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2013 Total £	2012 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	827,256	-	-	827,256	785,552
Service Charges Receivable	-	-	-	-	-
Gross Rents Receivable	827,256	-	-	827,256	785,552
Less: Rent losses from voids	101	-	-	101	106
Net Rents Receivable	827,155	-	-	827,155	785,446
Total Income From Social Letting	827,155	-	-	827,155	785,446
Expenditure on Social Letting Activities					
Service Costs	35,618	-	-	35,618	37,071
Management and maintenance administration costs	366,796	-	-	366,796	331,611
Reactive Maintenance	86,727	-	-	86,727	84,034
Bad Debts - Rents and Service Charges	3,345	-	-	3,345	(1,080)
Planned and Cyclical Maintenance, including Major Repairs*	28,192	-	-	28,192	40,646
Depreciation of Social Housing	98,682	-	-	98,682	92,529
Operating Costs of Social Letting	619,360	-	-	619,360	584,811
Operating Surplus on Social Letting Activities	207,795	-	-	207,795	200,635
2012	200,635	-	-	200,635	

*The total includes £7,648 of Major Repair revenue items.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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) 2013	Operating Surplus / (Deficit) 2012
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	900	(900)	(2,933)
Factoring	-	-	-	608	608	-	608	-	-
Tenant Participation	-	-	-	-	-	-	21,265	(21,265)	(18,820)
Rechargeable Repairs	-	-	-	-	-	4,462	-	(4,462)	(260)
Total From Other Activities	-	-	-	608	608	4,462	22,773	(26,627)	(22,013)
2012	-	18,283	-	577	18,860	260	40,613	(22,013)	

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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.

	2013 £	2012 £
No Officer of the Association received emoluments greater than £60,000.		
Emoluments payable to Chief Executive (excluding pension contributions)	<u>49,204</u>	<u>47,632</u>

6 EMPLOYEE INFORMATION

	2013 No.	2012 No.
The average monthly number of full time equivalent persons employed during the year was	<u>6</u>	<u>5</u>
Staff Costs were:	£	£
Wages and Salaries	185,798	172,373
Social Security Costs	15,096	13,796
Other Pension Costs	37,357	34,741
	<u>238,251</u>	<u>220,910</u>

7 INTEREST PAYABLE

	2013 £	2012 £
On Bank Loans & Overdrafts	<u>49,858</u>	<u>51,268</u>

8 OPERATING SURPLUS

	2013 £	2012 £
This is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	107,861	100,569
Auditors' Remuneration - Audit Services*	6,000	6,300
- Other Services	691	-
	<u></u>	<u></u>

*Figures disclosed are inclusive of VAT at 20%.

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.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2012	17,464,080	17,464,080
Additions	140,856	140,856
Disposals	(126,931)	(126,931)
As at 31st March 2013	<u>17,478,005</u>	<u>17,478,005</u>
DEPRECIATION		
As at 1st April 2012	923,964	923,964
Charge for Year	98,682	98,682
Disposals	(18,173)	(18,173)
As at 31st March 2013	<u>1,004,473</u>	<u>1,004,473</u>
SOCIAL HOUSING GRANT		
As at 1st April 2012	14,193,503	14,193,503
Additions	22,539	22,539
Disposals	(108,758)	(108,758)
As at 31st March 2013	<u>14,107,284</u>	<u>14,107,284</u>
OTHER CAPITAL GRANTS		
As at 1st April 2012	82,034	82,034
As at 31st March 2013	<u>82,034</u>	<u>82,034</u>
NET BOOK VALUE		
As at 31st March 2013	<u>2,284,214</u>	<u>2,284,214</u>
As at 31st March 2012	<u>2,264,579</u>	<u>2,264,579</u>

Additions to housing properties includes capitalised development administration costs of £4,547 (2012 - £1,481) and capitalised major repair costs to existing properties of £115,819 (2012 - £9,930)

All land and housing properties are heritable.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 2012	75,578	99,138	174,716
Additions	1,210	10,116	11,326
Disposals	-	(3,823)	(3,823)
As at 31st March 2013	<u>76,788</u>	<u>105,431</u>	<u>182,219</u>
DEPRECIATION			
As at 1st April 2012	41,592	90,257	131,849
Charge for year	2,519	6,660	9,179
Disposals	-	(3,823)	(3,823)
As at 31st March 2013	<u>44,111</u>	<u>93,094</u>	<u>137,205</u>
NET BOOK VALUE			
As at 31st March 2013	<u>32,677</u>	<u>12,337</u>	<u>45,014</u>
As at 31st March 2012	<u>33,986</u>	<u>8,881</u>	<u>42,867</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 DEBTORS

	2013	2012
	£	£
Arrears of Rent & Service Charges	9,602	7,066
Less: Provision for Doubtful Debts	(3,345)	(1,182)
	<u>6,257</u>	<u>5,884</u>
Other Debtors	31,293	32,785
	<u>37,550</u>	<u>38,669</u>

12 CREDITORS: Amounts falling due within one year

	2013	2012
	£	£
Housing Loans	74,742	72,515
Trade Creditors	32,493	21,950
Rent in Advance	33,348	30,565
Other Taxation and Social Security	3,982	4,455
Other Creditors	14,292	4,263
Accruals and Deferred Income	9,349	9,801
	<u>168,206</u>	<u>143,549</u>

At the balance sheet date there were pension contributions outstanding of £14,292 (2012 - £4,263)

13 CREDITORS: Amounts falling due after more than one year

	2013	2012
	£	£
Housing Loans	<u>1,792,650</u>	<u>1,882,834</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	74,742	72,515
Between one and two years	79,650	74,438
Between two and five years	248,215	373,887
In five years or more	1,464,785	1,434,509
	<u>1,867,392</u>	<u>1,955,349</u>
Less: Amount shown in Current Liabilities	74,742	72,515
	<u>1,792,650</u>	<u>1,882,834</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2013 £	2012 £
Operating Surplus	181,168	178,622
Depreciation	107,861	100,569
Change in Debtors	1,119	12,548
Change in Creditors	22,430	4,538
Share Capital Written Off	(12)	(5)
Net Cash Inflow from Operating Activities	<u>312,566</u>	<u>296,272</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2013 £	£	2012 £	£
Increase in Cash	24,674		161,430	
Cash flow from management of liquid resources	43,000		7,000	
Cash flow from change in debt	87,957		83,018	
Movement in net debt during year		155,631		251,448
Net debt at 1st April 2012		(631,523)		(882,971)
Net debt at 31st March 2013		<u>(475,892)</u>		<u>(631,523)</u>

<i>Analysis of changes in net debt</i>	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	416,826	24,674		441,500
Bank Overdrafts	-	-		-
	<u>416,826</u>	<u>24,674</u>		<u>441,500</u>
Liquid Resources	907,000	(43,000)		950,000
Debt: Due within one year	(72,515)	72,515	(74,742)	(74,742)
Due after more than one year	(1,882,834)	15,442	74,742	(1,792,650)
Net Debt	<u>(631,523)</u>	<u>69,631</u>	<u>-</u>	<u>(475,892)</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2012	182
Issued in year	5
Cancelled in year	<u>(12)</u>
At 31st March 2013	<u>175</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	Major	Total
	Maintenance	Repairs	
	£	£	£
At 1st April 2012	123,589	1,010,954	1,134,543
Transfer to / (from) Revenue Reserves	-	-	-
At 31st March 2013	<u>123,589</u>	<u>1,010,954</u>	<u>1,134,543</u>

(b) Revenue Reserves	Total
	£
At 1st April 2012	508,833
Surplus for the year	153,871
Transfer (to) / from Designated Reserves	-
At 31st March 2013	<u>662,704</u>

17 HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2013	2012
	No.	No.
General Needs - New Build	130	130
- Rehabilitation	125	125
	<u>255</u>	<u>255</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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:

- 7 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 under normal commercial terms.

19 CURRENT ASSET INVESTMENTS

	2013	2012
	£	£
Short Term Deposits	<u>950,000</u>	<u>907,000</u>

20 RETIREMENT BENEFIT OBLIGATIONS

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 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2008.

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 period 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 6 active members of the Scheme employed by Gardeen Housing Association Limited. The annual pensionable payroll in respect of these members was £196,449. Gardeen Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method.. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation	
RPI	2.6
CPI	2.0

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 RETIREMENT BENEFIT OBLIGATIONS (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 salaries)</i>
Final salary 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

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.

The trustees have recently supplied the Association with an updated contribution figure to the past service deficit. From 1 April 2014 the Association will be required to pay £42,312 per annum as a contribution to the past service deficit. This will represent an increase of 111% in the Association's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

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.

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 30th September 2012. As of this date the estimated employer debt on withdrawal for Gardeen Housing Association Limited has been calculated as £1,228,334.