

**Gardeen Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2015**

**Registered Housing Association No.HAC 214**

**FCA Reference No. 2326R(S)**

**Scottish Charity No. SC037681**

# GARDEEN HOUSING ASSOCIATION LIMITED

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**GARDEEN HOUSING ASSOCIATION LIMITED**

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**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2015**

**MANAGEMENT COMMITTEE**

R Quinn	
R O'Malley	
R Clark	
D Lovett	Treasurer
M Smith	
M Leat	Secretary
C Cameron	Chairperson
M McGuigan	
H Boyd	
C Brewer	
H Marcowich	Co-opted 4/9/14

**EXECUTIVE OFFICERS**

Roslyn Crawford	Director
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**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

## **GARDEEN HOUSING ASSOCIATION LIMITED**

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### **REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2015.

#### **Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2326R(S). The Association is governed 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 and management of voids remains a key focus for Gardeen Association and performance in this area compares well when measured against our peers. This has been a challenge as a consequence of welfare reform and will continue to be so following the introduction of universal credit.

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 Management Committee consistently reviews the medium and long term financial projections to ensure the viability of the Association. Operating costs are closely monitored by staff, committee and the Finance Agent.

The Management Committee also pay attention to the loan portfolio and constantly monitor the impact of financial decisions on the covenants that the Association has agreed with lenders.

The Management Committee are also monitoring the position with the final salary scheme and the impact that increased contributions may have on the business of the Association. External advice and training continues to be relied on by the Management Committee to improve knowledge and understanding of the SHAPS final salary scheme.

The Management Committee has also complied with all Scottish Housing Regulator requirements and completed the first Annual Return on the Charter (ARC).

There has been a small change to the staffing structure following the departure of the Property Services Manager in 2014 and a new team is focused on delivering excellent performance to tenants, owners and applicants.

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 is £80,808. Net assets now stand at £1,979,710.

The Association is committed to delivering a programme of planned maintenance and has provided replacement bathrooms during 2014-2015. Painterwork to internal closes and external areas also took place. This is to ensure that Gardeen Housing Association homes are maintained to a high standard and that the investment in the community is protected.

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2015

**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 Co-operative & Community Benefit Societies Act 2014 requires 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 Co-operative and Community Benefit Societies Act 2014, 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 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 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.

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2015

**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 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;
- Quarterly 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;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- 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 internal financial controls are in place and are effective and that a 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 internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**Auditors**

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

**By order of the Management Committee**



M LEAT

Secretary

04 June 2015

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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 Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**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 Financial Reporting Council. 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 relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls 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 relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

*Alexander Sloan*

ALEXANDER SLOAN  
Chartered Accountants

GLASGOW

*18 June 2015*

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

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We have audited the financial statements of Gardeen Housing Association Limited for the year ended 31st March 2015 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 Co-operative and Community Benefit Societies Act 2014. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. 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 2015 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.



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

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**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.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- 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  
GLASGOW

*18 June 2015*

## GARDEEN HOUSING ASSOCIATION LIMITED

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### INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
TURNOVER	2.		867,997		845,090
Operating Costs	2.		<u>(781,055)</u>		<u>(734,048)</u>
OPERATING SURPLUS	9.		86,942		111,042
Gain On Sale Of Housing Stock	7.	3,904		-	
Interest Receivable and Other Income		10,780		20,884	
Interest Payable and Similar Charges	8.	<u>(20,818)</u>		<u>(30,391)</u>	
			<u>(6,134)</u>		<u>(9,507)</u>
SURPLUS FOR THE YEAR			<u>80,808</u>		<u>101,535</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.

The notes to the accounts on pages 11 to 23 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

	Notes	2015	2014
		£	£
<b>TANGIBLE FIXED ASSETS</b>			
Housing Properties - Depreciated Cost	11.(a)	16,286,510	16,408,843
Less: Social Housing Grant	11.(a)	(14,029,043)	(14,084,390)
: Other Public Grants	11.(a)	(82,034)	(82,034)
		<u>2,175,433</u>	<u>2,242,419</u>
Other fixed assets	11.(b)	169,898	180,118
		<u>2,345,331</u>	<u>2,422,537</u>
<b>CURRENT ASSETS</b>			
Debtors	12.	52,286	24,203
Investments	20.	855,692	350,000
Cash at bank and in hand		491,014	956,282
		<u>1,398,992</u>	<u>1,330,485</u>
CREDITORS: Amounts falling due within one year	13.	(214,466)	(189,772)
<b>NET CURRENT ASSETS</b>		<u>1,184,526</u>	<u>1,140,713</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,529,857</u>	<u>3,563,250</u>
CREDITORS: Amounts falling due after more than one year	14.	(1,550,147)	(1,664,342)
<b>NET ASSETS</b>		<u><u>1,979,710</u></u>	<u><u>1,898,908</u></u>
<b>CAPITAL AND RESERVES</b>			
Share Capital	16.	120	126
Designated Reserves	17.(a)	1,134,543	1,134,543
Revenue Reserves	17.(b)	845,047	764,239
		<u>1,979,710</u>	<u>1,898,908</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on  
4 June 2015.

  
C Cameron  
Chairperson

  
D Lovett  
Treasurer

  
M Leat  
Secretary

GARDEEN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED

31st MARCH 2015

	Notes	2015	2014
		£	£
<b>Net Cash Inflow from Operating Activities</b>	15.	197,997	234,807
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received		10,780	20,884
Interest Paid		(20,818)	(30,391)
<b>Net Cash Outflow from Investment and Servicing of Finance</b>		(10,038)	(9,507)
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties		(80,718)	(83,248)
Purchase of Other Fixed Assets		(3,513)	(148,638)
Social Housing Grant Received		37,444	22,413
Social Housing Grant Repaid		(22,679)	-
Proceeds on Disposal of Properties		34,408	-
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		(35,058)	(209,473)
<b>Net Cash Inflow before use of Liquid Resources and Financing</b>		152,901	15,827
<b>Management of Liquid Resources</b>			
Change in short term deposits with banks		(505,692)	600,000
<b>Financing</b>			
Loan Principal Repayments		(112,483)	(101,048)
Share Capital Issued		6	3
<b>Net Cash Outflow from Financing</b>		(112,477)	(101,045)
<b>(Decrease) / Increase in Cash</b>	15.	<u>(465,268)</u>	<u>514,782</u>

The notes to the accounts on pages 11 to 23 form part of these financial statements

# GARDEEN HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### 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, fees receivable and revenue grants receivable and is recognised as it falls due.

##### **Retirement Benefits**

The Association participates in the Scottish Housing Association Defined Benefit 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. All components are categorised as Housing Properties within note 11. 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 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.

# GARDEEN HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### 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**

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.

##### **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 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	866,460	751,364	115,096	844,470	712,749	131,721
Other Activities	4.	1,537	29,691	(28,154)	620	21,299	(20,679)
<b>Total</b>		<b>867,997</b>	<b>781,055</b>	<b>86,942</b>	<b>845,090</b>	<b>734,048</b>	<b>111,042</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General			2015 Total £	2014 Total £
	Needs Housing £	Supported Housing £	Shared ownership £		
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	866,470	-	-	866,470	844,470
Service Charges Receivable	-	-	-	-	-
<b>Gross Rents Receivable</b>	<b>866,470</b>	<b>-</b>	<b>-</b>	<b>866,470</b>	<b>844,470</b>
Less: Rent losses from voids	10	-	-	10	-
<b>Net Rents Receivable</b>	<b>866,460</b>	<b>-</b>	<b>-</b>	<b>866,460</b>	<b>844,470</b>
Revenue Grants from Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
<b>Total Income From Social Letting</b>	<b>866,460</b>	<b>-</b>	<b>-</b>	<b>866,460</b>	<b>844,470</b>
<b>Expenditure on Social Letting Activities</b>					
Service Costs	49,652	-	-	49,652	42,899
Management and maintenance administration costs	377,606	-	-	377,606	373,280
Reactive Maintenance	98,575	-	-	98,575	86,837
Bad Debts - Rents and Service Charges	(434)	-	-	(434)	667
Planned and Cyclical Maintenance, including Major Repairs	123,530	-	-	123,530	106,436
Depreciation of Social Housing	102,435	-	-	102,435	102,630
<b>Operating Costs of Social Letting</b>	<b>751,364</b>	<b>-</b>	<b>-</b>	<b>751,364</b>	<b>712,749</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>115,096</b>	<b>-</b>	<b>-</b>	<b>115,096</b>	<b>131,721</b>
<b>2014</b>	<b>131,721</b>	<b>-</b>	<b>-</b>		

# GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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) 2015	Operating Surplus / (Deficit) 2014
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	900	900	-	3,884	(2,984)	(159)
Factoring	-	-	-	637	637	2,000	637	(2,000)	-
Rechargeable repairs	-	-	-	-	-	1,892	-	(1,892)	(3,559)
Tenant participation	-	-	-	-	-	-	21,278	(21,278)	(16,961)
<b>Total From Other Activities</b>	-	-	-	<u>1,537</u>	<u>1,537</u>	<u>3,892</u>	<u>25,799</u>	<u>(28,154)</u>	<u>(20,679)</u>
<b>2014</b>	-	-	-	<u>620</u>	<u>620</u>	<u>3,559</u>	<u>17,740</u>	<u>(20,679)</u>	<u>(20,679)</u>



# GARDEEN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

2015	2014
£	£

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

Emoluments payable to Chief Executive (excluding pension contributions)	<u>53,037</u>	<u>50,485</u>
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#### 6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>5</u>	<u>6</u>

Staff Costs were:

	£	£
Wages and Salaries	161,070	192,555
Social Security Costs	11,141	12,759
Other Pension Costs	57,768	39,066
	<u>229,979</u>	<u>244,380</u>

#### 7. GAIN ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	34,408	-
Cost of Sales	<u>30,504</u>	<u>-</u>
Gain On Sale Of Housing Stock	<u>3,904</u>	<u>-</u>

#### 8. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	<u>20,818</u>	<u>30,391</u>

#### 9. OPERATING SURPLUS

	2015	2014
	£	£
This is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	116,168	116,164
Auditors' Remuneration - Audit Services	6,500	6,300
- Other Services	<u>2,478</u>	<u>715</u>

#### 10. 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 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
<b>COST</b>		
As at 1st April 2014	17,512,423	17,512,423
Additions	80,718	80,718
Disposals	(107,975)	(107,975)
As at 31st March 2015	<u>17,485,166</u>	<u>17,485,166</u>
<b>DEPRECIATION</b>		
As at 1st April 2014	1,103,580	1,103,580
Charge for Year	102,054	102,054
Disposals	(6,978)	(6,978)
As at 31st March 2015	<u>1,198,656</u>	<u>1,198,656</u>
<b>SOCIAL HOUSING GRANT</b>		
As at 1st April 2014	14,084,390	14,084,390
Additions	37,444	37,444
Disposals	(92,791)	(92,791)
As at 31st March 2015	<u>14,029,043</u>	<u>14,029,043</u>
<b>OTHER CAPITAL GRANTS</b>		
As at 1st April 2014	82,034	82,034
As at 31st March 2015	<u>82,034</u>	<u>82,034</u>
<b>NET BOOK VALUE</b>		
As at 31st March 2015	<u>2,175,433</u>	<u>2,175,433</u>
As at 31st March 2014	<u>2,242,419</u>	<u>2,242,419</u>

Additions to housing properties includes capitalised development administration costs of £3,411 (2014 - £2,038) and capitalised major repair costs to existing properties of £43,276 (2014 - £60,835).

All land and housing properties are heritable.

# GARDEEN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS (Continued)

##### b) Other Tangible Assets

	Office Premises £	Office Furniture & Equipment £	Total £
<b>COST</b>			
As at 1st April 2014	213,825	117,835	331,660
Additions	-	3,513	3,513
Eliminated on Disposals	-	-	-
As at 31st March 2015	<u>213,825</u>	<u>121,348</u>	<u>335,173</u>
<b>AGGREGATE DEPRECIATION</b>			
As at 1st April 2014	51,239	100,303	151,542
Charge for year	7,128	6,605	13,733
Eliminated on disposal	-	-	-
As at 31st March 2015	<u>58,367</u>	<u>106,908</u>	<u>165,275</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2015	<u>155,458</u>	<u>14,440</u>	<u>169,898</u>
As at 31st March 2014	<u>162,586</u>	<u>17,532</u>	<u>180,118</u>

#### 12. DEBTORS

	2015 £	2014 £
Arrears of Rent & Service Charges	7,688	5,628
Less: Provision for Doubtful Debts	<u>(1,000)</u>	<u>(1,000)</u>
Other Debtors	6,688	4,628
	<u>45,598</u>	<u>19,575</u>
	<u>52,286</u>	<u>24,203</u>

#### 13. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Housing Loans	103,714	102,002
Trade Creditors	27,111	19,446
Rent in Advance	44,422	42,047
Other Taxation and Social Security	3,741	4,817
Other Creditors	24,664	4,689
Accruals and Deferred Income	10,814	16,771
	<u>214,466</u>	<u>189,772</u>

At the balance sheet date there were pension contributions outstanding of £4,722 (2014 - £4,689).

# GARDEEN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 14. CREDITORS: Amounts falling due after more than one year

	2015 £	2014 £
Housing Loans	<u>1,550,147</u>	<u>1,664,342</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	103,714	102,002
Between one and two years	105,633	103,419
Between two and five years	296,565	287,614
In five years or more	<u>1,147,949</u>	<u>1,273,309</u>
	1,653,861	1,766,344
Less: Amount shown in Current Liabilities	<u>103,714</u>	<u>102,002</u>
	<u>1,550,147</u>	<u>1,664,342</u>

#### 15. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	86,942	111,042
Depreciation	116,168	116,164
Change in Debtors	(28,083)	13,347
Change in Creditors	22,982	(5,694)
Share Capital Written Off	(12)	(52)
Net Cash Inflow from Operating Activities	<u>197,997</u>	<u>234,807</u>

#### *Reconciliation of net cash flow to movement in net debt*

	2015 £	2014 £	2014 £
(Decrease) / Increase in Cash	(465,268)	514,782	
Cash flow from management of liquid resources	505,692	(600,000)	
Cash flow from change in debt	<u>112,483</u>	<u>101,048</u>	
Movement in net debt during year		152,907	15,830
Net debt at 1st April 2014		(460,062)	(475,892)
Net debt at 31st March 2015		<u>(307,155)</u>	<u>(460,062)</u>

#### *Analysis of changes in net debt*

	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	956,282	(465,268)		491,014
	956,282	(465,268)		491,014
Liquid Resources	350,000	505,692		855,692
Debt: Due within one year	(102,002)	112,483	(114,195)	(103,714)
Due after more than one year	<u>(1,664,342)</u>	-	114,195	<u>(1,550,147)</u>
Net Debt	<u>(460,062)</u>	<u>152,907</u>	-	<u>(307,155)</u>

# GARDEEN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	126
Issued in year	6
Cancelled in year	(12)
At 31st March 2015	<u>120</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.

#### 17. RESERVES

(a) Designated Reserves	Cyclical	Major	Total
	Maintenance	Repairs	
	£	£	£
At 1st April 2014	123,589	1,010,954	1,134,543
Transfer to / (from) Revenue Reserves	-	-	-
At 31st March 2015	<u>123,589</u>	<u>1,010,954</u>	<u>1,134,543</u>

  

(b) Revenue Reserves	Total
	£
At 1st April 2014	764,239
Surplus for the year	80,808
At 31st March 2015	<u>845,047</u>

#### 18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015	2014
General Needs - New Build	No.	No.
- Rehabilitation	130	130
	124	125
	<u>254</u>	<u>255</u>

# GARDEEN HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 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:

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.

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

#### 20. CURRENT ASSET INVESTMENTS

	2015	2014
	£	£
Short Term Deposits	<u>855,692</u>	<u>350,000</u>

# GARDEEN HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. 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 six 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
- Defined contribution

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 has elected to operate the final salary with a 1/60th accrual rate for new entrants from 01 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 12.3% of pensionable salaries. Member contributions were 12.3%.

As at the balance sheet date there were 3 active members of the Scheme employed by Gardeen Housing Association Limited. The annual pensionable payroll in respect of these members was £117,642. 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.

# GARDEEN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. 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%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2014. 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 £470 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

#### 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.



# GARDEEN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. 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 Gardeen Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2015 Gardeen Housing Association Limited will be required to pay £43,538 per annum as a contribution to the past service deficit. This will represent an increase of 3% in Gardeen Housing Association Limited'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.