

Gardeen Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No.HAC 214

FCA Reference No. 2326R (S)

Scottish Charity No. SCO037681

GARDEEN HOUSING ASSOCIATION LIMITED

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GARDEEN HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2016

MANAGEMENT COMMITTEE

R Quinn	
R O'Malley	
R Clark	
D Lovett	Treasurer
M Smith	
M Leat	Secretary
C Cameron	Chairperson
M McGuigan	
H Boyd	Resigned September 2015
C Brewer	
H Marcowich	
S Caldwell	Appointed September 2015

EXECUTIVE OFFICERS

Roslyn Crawford	Director
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REGISTERED OFFICE

32 Garlieston Road
Glasgow
G33 4UD

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL 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
G15 8LB

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2016.

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 SCO037681.

Principal Activities

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

Review of Business and Future Developments

The Management Committee of Gardeen Housing Association continues to follow a 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 continues to be a challenge as a consequence of welfare reform and the introduction of universal credit.

The Management Committee retains close control over 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 pays attention to the loan portfolio and constantly monitors the impact of financial decisions on the covenants that the Association has agreed with lenders. This has required an additional focus as a result of FRS102. The Management Committee also monitors the position with the final salary pension scheme and the impact that increased contributions may have on the business of the Association. The Management Committee receive advice and attend training to maintain its understanding of the SHAPS final salary scheme.

The Management Committee has also complied with all Scottish Housing Regulator requirements.

This year introduced FRS102 and there have been changes to the format of the annual accounts. 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 is £124,773. Net assets now stand at £1,837,428.

The Association is committed to delivering a programme of planned maintenance and will continue to replace and renew kitchens bathrooms and boilers. This is to ensure that Gardeen Housing Association homes are maintained to a high standard and that the investment in the community is protected.

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

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 and Community Benefit Act 2014 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The 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.

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

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 control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through 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 2016. No weaknesses were found in the 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.

Donations

During the year the Association made charitable donations amounting to £716 (2015 - £950).

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 August 2016

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS 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 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in 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 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 relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes 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 the relevant Regulatory Standards in respect of internal financial controls 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

24 August 2016

We have audited the financial statements of Gardeen Housing Association Limited for the year ended 31st March 2016 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and Accounting Standards of the United Kingdom.

This report is made solely to the Association's members, as a body, in accordance with the 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 our 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 2016 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 2014 and the Determination of Accounting Requirements 2015.

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

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 Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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

24 August 2016

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016 £	2015 £
			As restated £
REVENUE	2.	1,223,348	1,218,056
Operating Costs	2.	(1,082,515)	(1,023,847)
OPERATING SURPLUS	9.	140,833	194,209
Gain On Sale Of Housing Stock	7.	10,518	3,346
Interest Receivable and Other Income		10,284	10,780
Interest Payable and Similar Charges	8.	(19,557)	(20,818)
Other Finance Charges	11	(17,305)	(13,309)
		(16,060)	(20,001)
SURPLUS FOR YEAR		<u>124,773</u>	<u>174,208</u>
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		<u><u>124,773</u></u>	<u><u>174,208</u></u>

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The notes on pages 12 to 26 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

	Notes	2016		2015
		£	£	£
NON-CURRENT ASSETS				
Housing Properties - Depreciated Cost	12.(a)		9,826,113	10,078,122
Other Non Current Assets	12.(b)		162,359	169,898
			<u>9,988,472</u>	<u>10,248,020</u>
CURRENT ASSETS				
Receivables	13.	31,113		52,286
Investments	20	864,692		855,692
Cash at bank and in hand		400,006		491,014
		<u>1,295,811</u>		<u>1,398,992</u>
CREDITORS: Amounts falling due within one year	14.	(242,023)		(255,886)
NET CURRENT ASSETS			<u>1,053,789</u>	<u>1,143,106</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,042,261</u>	<u>11,391,126</u>
CREDITORS: Amounts falling due after more than one year	15.	(1,666,753)		(1,808,448)
DEFERRED INCOME				
Social Housing Grants	17.	(7,538,079)		(7,869,991)
NET ASSETS			<u>1,837,428</u>	<u>1,712,687</u>
EQUITY				
Share Capital	18.		88	120
Revenue Reserves			1,837,340	1,712,567
			<u>1,837,428</u>	<u>1,712,687</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 04 August 2016.

C Cameron
Chairperson



D Lovett
Treasurer



M Leat
Secretary



The notes on pages 12 to 26 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016	2015
		£	£
			AS restated
Net Cash Inflow from Operating Activities	16.	228,252	169,072
Investing Activities			
Acquisition and Construction of Properties	(204,405)	(80,718)	
Purchase of Other Fixed Assets	(6,127)	(3,513)	
Social Housing Grant Received	-	37,444	
Social Housing Grant Repaid	(15,899)	(22,679)	
Changes on short term deposits with banks	(9,000)	(505,692)	
Proceeds on Disposal of Properties	39,211	34,408	
Net Cash Outflow from Investing Activities		(196,220)	(540,750)
Financing Activities			
Interest Received on Cash and Cash Equivalents	10,284	10,780	
Interest Paid on Loans	(19,557)	(20,818)	
Loan Principal Repayments	(113,779)	(112,483)	
Share Capital Issued	11	6	
Net Cash Outflow from Financing		(123,041)	(122,515)
Decrease in Cash		(91,009)	(494,193)
Opening Cash & Cash Equivalents		491,014	985,207
Closing Cash & Cash Equivalents		400,006	491,014
Cash and Cash equivalents as at 31 March 2016			
Cash		400,006	491,014
Bank overdraft		-	-
		400,006	491,014

The notes on pages 12 to 26 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2014	126	1,538,359	1,538,485
Issue of shares	6		6
Cancellation of shares	(12)		(12)
Surplus for the year		174,208	174,208
Balance at the 31st March 2015	<u>120</u>	<u>1,712,567</u>	<u>1,712,687</u>
Balance as at 1st April 2015	120	1,712,567	1,712,687
Issue of Shares	11		11
Cancellation of Shares	(43)		(43)
Surplus for Year		124,773	124,773
Balance as at 31st March 2016	<u>88</u>	<u>1,837,340</u>	<u>1,837,428</u>

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

The notes on pages 12 to 26 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of of the asset to which it relates.

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.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

Valuation Of Housing Properties

Housing Properties are stated at cost 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 note12. 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>
Roof	50 years
Structure	50 years
Electrics	40 years
Doors	30 - 35 years
Windows	30 years
Radiators	26 years
Bathrooms	25 years
Kitchens	15 years
Boilers	13 years

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

Depreciation And Impairment Of Other Non-Current Assets

Non-Current 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 non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grant And Other Grants In Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social Housing Grant attributed to individual components is written off to the Statement of comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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 non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying The Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place and additional court action.

Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Development Interest

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

Key Judgements made in the application of Accounting Policies

a) Exemptions taken in the transition to FRS 102

The Association has considered and taken advantage of the following exemptions in its first time application of FRS 102:

- i) The Association has not revisited previous accounting estimates
- ii) The Association has not revisited the accounting of previous business combinations

b) The Categorisation of Housing Properties

In the judgement of the Management Committee, the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

c) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

d) Pensions

We have calculated the SHAPS past service pension liability using the latest accounting estimates available, these being based on the 2015 triennial valuation, and believe these represent a fair estimate of the liability due.

Financial Instruments - Basic

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

Notes	2016			2015			
	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	
Affordable letting activities	3.	1,222,635	1,054,110	168,525	1,216,519	994,156	222,363
Other Activities	4.	713	28,405	(27,692)	1,537	29,691	(28,154)
Total		1,223,348	1,082,515	140,833	1,218,056	1,023,847	194,209

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared ownership £	2016 Total £	2015 Total £
Revenue from Lettings					
Rent Receivable Net of Service Charges	879,241	-	-	879,241	866,470
Gross income from rent and service charges	879,241	-	-	879,241	866,470
Less: Rent losses from voids	422	-	-	422	10
Net Rents Receivable	878,819	-	-	878,819	866,460
Grants released from deferred income	301,018	-	-	301,018	350,059
Other revenue grants	42,798	-	-	42,798	-
Total turnover from affordable letting activities	1,222,635	-	-	1,222,635	1,216,519
Expenditure on affordable letting activities					
Management and maintenance administration costs	363,672	-	-	363,672	374,185
Service Costs	55,688	-	-	55,688	49,652
Planned and cyclical maintenance, including major repairs	113,300	-	-	113,300	123,530
Reactive maintenance costs	108,305	-	-	108,305	98,575
Bad Debts - rents and service charges	420	-	-	420	(434)
Depreciation of affordable let properties	412,725	-	-	412,725	348,648
Operating costs of affordable letting activities	1,054,110	-	-	1,054,110	994,156
Operating surplus on affordable letting activities	168,525	-	-	168,525	222,363
2015 (as restated)	131,651	-	-		

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Wider Role Activities	£	£	£	£	£	£
Factoring	-	-	-	2,668	(2,668)	(2,984)
Support Activities	713	713	598	713	(598)	(2,000)
Rechargeable Repair - Bad Debts	-	-	-	17,187	(17,187)	(21,278)
	-	-	7,239	-	(7,239)	(1,892)
Total From Other Activities	713	713	7,837	20,568	(27,692)	(28,154)
2015	<u>1,537</u>	<u>1,537</u>	<u>3,892</u>	<u>25,799</u>	<u>(28,154)</u>	<u>(28,154)</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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

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

	2016	2015
	£	£
Emoluments payable to Chief Executive (excluding pension contributions)	53,796	53,037
Total Compensation paid to key management personnel	<u>53,796</u>	<u>53,037</u>

6. EMPLOYEE INFORMATION

	2016	2015
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>6</u>	<u>5</u>

The average total number of Employees employed during the year was	<u>6</u>	<u>5</u>
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Staff Costs were:

	£	£
		As restated
Wages and Salaries	170,760	161,070
Social Security Costs	11,547	11,141
Other Pension Costs	16,316	16,903
	<u>198,623</u>	<u>189,114</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2016 £	2015 £
Sales Proceeds	39,211	As restated 34,408
Cost of Sales	<u>28,694</u>	<u>31,062</u>
Gain On Sale Of Housing Stock	<u>10,518</u>	<u>3,346</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2016 £	2015 £
On Bank Loans & Overdrafts	<u>19,557</u>	<u>20,818</u>

9. SURPLUS FOR YEAR

	2016 £	2015 £
Surplus is stated after charging:-		As restated
Depreciation - Tangible Owned Fixed Assets	420,063	348,648
Auditors' Remuneration - Audit Services	7,000	6,500
Auditors' Remuneration - Other Services	3,726	2,478
Gain on sale of fixed assets	<u>(10,518)</u>	<u>(3,346)</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.

11. OTHER FINANCE INCOME / CHARGES

	2016 £	2015 £
Unwinding of Discounted Liabilities	<u>17,305</u>	<u>13,309</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2015 (as restated)	16,580,338	16,580,338
Additions	204,405	204,405
Disposals	(187,188)	(187,188)
As at 31st March 2016	<u>16,597,555</u>	<u>16,597,555</u>
DEPRECIATION		
As at 1st April 2015 (as restated)	6,502,216	6,502,216
Charge for Year	406,397	406,397
Disposals	(137,171)	(137,171)
As at 31st March 2016	<u>6,771,442</u>	<u>6,771,442</u>
NET BOOK VALUE		
As at 31st March 2016	<u>9,826,113</u>	<u>9,826,113</u>
As at 31st March 2015 (as restated)	<u>10,078,122</u>	<u>10,078,122</u>

Additions to housing properties includes capitalised development administration costs of £nil (2015 - £3,411) and capitalised major repair costs to existing properties of £204,405 (2015 - £43,276).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £317,705. The amount capitalised is £204,405, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £204,405 and improvement of £nil.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1st April 2015	213,825	121,348	335,173
Additions	-	6,127	6,127
Eliminated on Disposals	-	(2,480)	(2,480)
As at 31st March 2016	<u>213,825</u>	<u>124,995</u>	<u>338,820</u>
AGGREGATE DEPRECIATION			
As at 1st April 2015	58,367	106,908	165,275
Charge for year	7,128	6,538	13,666
Eliminated on disposal	-	(2,480)	(2,480)
As at 31st March 2016	<u>65,495</u>	<u>110,966</u>	<u>176,461</u>
NET BOOK VALUE			
As at 31st March 2016	<u>148,330</u>	<u>14,029</u>	<u>162,359</u>
As at 31st March 2015	<u>155,458</u>	<u>14,440</u>	<u>169,898</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. RECEIVABLES

	2016	2015
	£	£
Arrears of Rent & Service Charges	8,023	7,688
Less: Provision for Doubtful Debts	(1,732)	(1,000)
	<u>6,290</u>	<u>6,688</u>
Other Receivables	24,823	45,598
	<u>31,113</u>	<u>52,286</u>

14. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Housing Loans		As restated
Trade Payables	105,421	103,714
Rent in Advance	41,127	27,111
Other Taxation and Social Security	44,155	44,422
Other Payables	3,565	3,741
Liability for Past Service Contributions	-	24,664
Accruals and Deferred Income	42,841	41,420
	<u>4,914</u>	<u>10,814</u>
	<u>242,023</u>	<u>255,886</u>

At the balance sheet date there were pension contributions outstanding of £6,438 (2015 £4,722)

15. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016	2015
	£	£
Liability for Past Service Contributions	232,092	As restated 258,301
Housing Loans	1,434,661	1,550,147
	<u>1,666,753</u>	<u>1,808,448</u>
<i>Housing Loans</i>		
Amounts due within one year	105,421	103,714
Amounts due in one year or more but less than two years	107,516	105,633
Amounts due in two years or more but less than five years	305,590	296,565
Amounts due in more than five years	1,021,556	1,147,949
	<u>1,540,082</u>	<u>1,653,861</u>
Less: Amount shown in Current Liabilities	105,421	103,714
	<u>1,434,661</u>	<u>1,550,147</u>
<i>Liability for Past Service Contributions</i>		
Amounts due within one year	42,841	41,420
Amounts due in one year or more but less than two years	46,859	41,187
Amounts due in two years or more but less than five years	141,578	133,161
Amounts due in more than five years	43,655	83,953
	<u>274,933</u>	<u>299,721</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
Nationwide	Standard Security over 55 properties	LIBOR + 0.45%	2024	Variable
Bank of Scotland	Standard Security over 64 properties	BASE + 0.90%	2026	Variable
Nationwide	Standard Security over 0 properties	LIBOR + 0.45%	2027	Variable
Nationwide	Standard Security over nil properties	LIBOR + 0.45%	2028	Variable
Royal Bank of Scotland	Standard Security over 38 properties	BASE + 0.55%	2033	Variable

All of the Association's bank borrowings are repayable in a monthly basis with the principal being amortised over the term of the loan.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.64% (2015 - 3.58%).

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2016 £	2015 £ As restated
Operating Surplus	140,833	194,209
Depreciation	426,391	348,648
Amortisation of Capital Grants	(301,018)	(350,059)
Change in debtors	21,173	(28,083)
Change in creditors	(41,779)	17,678
Unwinding of Discount on Pension Liability	(17,305)	(13,309)
Share Capital Written Off	(43)	(12)
Balance as at 31st March 2016	<u>228,252</u>	<u>169,072</u>

17. DEFERRED INCOME

	2016 £	2015 £ As restated
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	7,869,991	8,254,088
Released / Repaid as the result of property disposal	(30,894)	(34,038)
Amortisation in Year	<u>(301,018)</u>	<u>(350,059)</u>
Balance as at 31st March 2016	<u>7,538,079</u>	<u>7,869,991</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2016 £	2015 £ As restated
Amounts due within one year	301,018	350,059
Amounts due in one year or more	<u>7,237,061</u>	<u>7,519,932</u>
	<u>7,538,079</u>	<u>7,869,991</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	120
Issued in year	11
Cancelled in year	(43)
At 31st March 2016	<u>88</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.

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016	2015
	No.	No.
General Needs - New Build	129	130
General Needs - Rehabilitation	124	124
	<u>253</u>	<u>254</u>

20. CURRENT ASSET INVESTMENTS

	2016	2015
	£	£
Short Term Deposits	<u>864,692</u>	<u>855,692</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

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.

Transactions with governing body members (and their close family) were as follows:

Rent Received from Tenants on the Committee	£ 42,448
Factoring Charges received from owners on the Committee	<u>308</u>

At the year end total rent arrears owed by the tenant members of the Committee were £679.

22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 32 Garlieston Road, Glasgow, G33 4UD.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Glasgow.

23. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £859 in the year by way of reimbursement of expenses (2015 - £967). No remuneration is paid to Board members in respect of their duties in the Association.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. 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.

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 FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Based on the provisional valuation the Scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £48,673 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £274,893 (2015 - £299,721). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.64% (2015 - 3.58%).

The Association made payments totalling £42,091 (2015 - £40,865) to the pension scheme during the year.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting period beginning on 1 April 2015. As a result of this the comparative figures for the period ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those previously adopted.

The following sets out the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 31 March 2016.

Reconciliation of Capital & Reserves							
At 31 March 2015			At 31 March 2014				
Note	As previously Stated	Effect of Transition	As Restated	As previously Stated	Effect of Transition	As Restated	
	£	£	£	£	£	£	
Non Current Assets	(i)	2,345,331	7,902,689	10,248,020	2,422,537	8,221,001	10,643,538
Current Assets		1,398,992	-	1,398,992	1,330,485	-	1,330,485
Current Liabilities	(ii)	(214,466)	(41,420)	(255,886)	(189,772)	(40,865)	(230,637)
Non Current Liabilities	(ii)	(1,550,147)	(258,301)	(1,808,448)	(1,664,342)	(286,471)	(1,950,813)
Deferred Income	(i)	-	(7,869,991)	(7,869,991)	-	(8,254,088)	(8,254,088)
		<u>1,979,710</u>	<u>(267,023)</u>	<u>1,712,687</u>	<u>1,898,908</u>	<u>(339,732)</u>	<u>1,538,485</u>
Capital & Reserves		<u>(1,979,710)</u>	<u>267,023</u>	<u>(1,712,687)</u>	<u>(1,898,908)</u>	<u>339,732</u>	<u>(1,538,485)</u>

Reconciliation of Retained Surpluses for the Year				
Year Ended 31 March 2015				
Note	As previously Stated	Effect of Transition	As Restated	
	£	£	£	
Revenue	(i)	867,997	350,059	1,218,056
Operating Costs	(i) & (ii)	(781,055)	(242,792)	(1,023,847)
Other Income		3,904	(558)	3,346
Interest Receivable		10,780	-	10,780
Interest Payable		(20,818)	-	(20,818)
Other Finance Income / Costs (iii)		-	(13,309)	(13,309)
Surplus		<u>80,808</u>	<u>93,400</u>	<u>174,208</u>

Notes to the Reconciliations

(i) - Social Housing Grants and Other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

(ii) - As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs.

(iii) - The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A.