



Alexander Sloan
Accountants and Business Advisers

Gardeen Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2017

Registered Housing Association No.HAC214

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 2017

MANAGEMENT COMMITTEE

R Quinn	Resigned October 2016
R O'Malley	Vice Chair
R Clark	
D Lovett	Treasurer
M Smith	Resigned August 2016
M Leat	Secretary
C Cameron	Chairperson
M McGuigan	
C Brewer	
H Marowich	
S Caldwell	Resigned June 2016
J Mullen	Appointed August 2016 / Resigned April 2017
M Livingston	Appointed August 2016
S Lack	Appointed August 2016

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

INTERNAL AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Royal Bank of Scotland
1304 Duke Street
Glasgow
G31 5PZ

SOLICITORS

BTO
48 St Vincent Street
Glasgow
G2 5HS

FINANCE AGENTS

FMD Financial Services
Unit 29
Ladyloan Place
Drumchapel
G15 8LB

Kelly & Co
184 Abercromby Street
Glasgow
G40 2RZ

GARDEEN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2017.

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 Association 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 is also committed to provide a costed programme of planned maintenance and improvements.

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. A review of the 30 year financial projections took place in 2017.

The Management Committee also monitors 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 their understanding of the SHAPS final salary scheme.

The Management Committee has also complied with all Scottish Housing Regulator, OSCR and FCA requirements.

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 £140,048 and net assets now stand at £1,977,460.

The Association is committed to delivering a programme of planned maintenance and will continue to replace and renew kitchens, bathrooms, heating systems and smoke alarms. 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 2017

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 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 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 members of 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 2017

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 2017. 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 £710 (2016 - £716).

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

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 5 has provided the disclosures required by the relevant Regulatory Standards contained 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 Executive 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 contained 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
Chartered Accountants
Statutory Auditors
GLASGOW



We have audited the financial statements of Gardeen Housing Association Limited for the year ended 31st March 2017 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 Financial Reporting Council's (FRC) 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 the performing our audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2017 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.

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.

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

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

- 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

Chartered Accountants
Statutory Auditors
GLASGOW



Alexander Sloan
Accountants and Business Advisers

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

	Notes	£	2017 £	£	2016 £
REVENUE	2.		1,274,298		1,223,348
Operating Costs	2.		(1,087,395)		(1,082,515)
OPERATING SURPLUS	9.		186,903		140,833
(Loss) / Gain On Sale Of Housing Stock	7.	(23,262)		10,518	
Interest Receivable and Other Income		7,457		10,284	
Interest Payable and Similar Charges	8.	(15,629)		(19,557)	
Other Finance Charges	11.	(15,421)		(17,305)	
			(46,855)		(16,060)
SURPLUS FOR YEAR			140,048		124,773
Other Comprehensive Income			-		-
TOTAL COMPREHENSIVE INCOME			140,048		124,773

All amounts relate to continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	2017	2016
		£	£
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	12.(a)	9,884,835	9,826,113
Other Non Current Assets	12.(b)	148,799	162,359
		<u>10,033,634</u>	<u>9,988,472</u>
CURRENT ASSETS			
Receivables	13.	26,403	31,113
Investments	23.	354,929	864,692
Cash at bank and in hand		682,250	400,006
		<u>1,063,582</u>	<u>1,295,811</u>
CREDITORS: Amounts falling due within one year	14.	(323,263)	(242,023)
NET CURRENT ASSETS		<u>740,319</u>	<u>1,053,789</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,773,953</u>	<u>11,042,261</u>
CREDITORS: Amounts falling due after more than one year	15.	(1,513,976)	(1,666,753)
DEFERRED INCOME			
Social Housing Grants	17.	(7,282,517)	(7,538,079)
		<u>(7,282,517)</u>	<u>(7,538,079)</u>
NET ASSETS		<u><u>1,977,460</u></u>	<u><u>1,837,428</u></u>
EQUITY			
Share Capital	18.	72	88
Revenue Reserves		1,977,388	1,837,340
		<u><u>1,977,460</u></u>	<u><u>1,837,428</u></u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 3 August 2017.

Chairperson

Treasurer

Secretary

The notes on pages 12 to 25 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017	2016
		£	£
Net Cash Inflow from Operating Activities	16.	324,822	228,252
Investing Activities			
Acquisition and Construction of Properties	(519,218)	(204,405)	
Purchase of Other Fixed Assets	-	(6,127)	
Social Housing Grant Received	72,560	-	
Social Housing Grant Repaid	-	(15,899)	
Changes on short term deposits with banks	509,763	(9,000)	
Proceeds on Disposal of Properties	19,603	39,211	
Net Cash Inflow / (Outflow) from Investing Activities		82,708	(196,220)
Financing Activities			
Interest Received on Cash and Cash Equivalents	7,457	10,284	
Interest Paid on Loans	(15,629)	(19,557)	
Loan Principal Repayments	(117,125)	(113,779)	
Share Capital Issued	11	11	
Net Cash Outflow from Financing		(125,286)	(123,041)
Increase / (decrease) in Cash		282,244	(91,009)
Opening Cash & Cash Equivalents		400,006	491,015
Closing Cash & Cash Equivalents		682,250	400,006
Cash and Cash equivalents as at 31 March 2017			
Cash		682,250	400,006
		682,250	400,006

The notes on pages 12 to 25 form part of these financial statements.

GARDEEN HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH 2017

	Share Capital	Revenue Reserve	Total
	£	£	£
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	88	1,837,340	1,837,428
Balance as at 1st April 2016	88	1,837,340	1,837,428
Issue of Shares	11		11
Cancellation of Shares	(27)		(27)
Surplus for Year		140,048	140,048
Balance as at 31st March 2017	72	1,977,388	1,977,460

The reserves opening balance at 1st January 2015 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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 as it 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 the asset to which it relates.

Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme.

The Association still has a liability for past service contributions to the Scottish Housing Association Defined Benefit Pension Scheme. The Association provides 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 a 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 note 12. 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.

Component	Useful Economic Life
Roof	50 Years
Structure	50 Years
Electrics	40 Years
Doors	30 - 35 Years
Windows	30 Years
Radiators	26 Years
Bathrooms	25 Years
Kitchen	15 Years
Boilers	13 Years

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 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 is 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 non-current asset disposals and any gain or 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, are disclosed below:

a) 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 court action.

b) 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.

c) 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 assessment.

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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) 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.

b) 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.

c) Pension Liability

In March 2017 the Association received details from the Pension Trust of the final valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Management Committee feels this is the best available estimate of the past service liability.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

		2017			2016		
	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	1,273,524	1,062,040	211,484	1,222,635	1,054,110	168,525
Other Activities	4.	774	25,355	(24,581)	713	28,405	(27,692)
Total		1,274,298	1,087,395	186,903	1,223,348	1,082,515	140,833

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	2017 Total £	2016 Total £
Revenue from Lettings			
Rent Receivable Net of Service Charges	888,065	888,065	879,241
Gross income from rent and service charges	888,065	888,065	879,241
Less: Rent losses from voids	926	926	422
Net Rents Receivable	887,139	887,139	878,819
Grants released from deferred income	328,122	328,122	301,018
Other revenue grants	58,263	58,263	42,798
Total turnover from affordable letting activities	1,273,524	1,273,524	1,222,635
Expenditure on affordable letting activities			
Management and maintenance administration costs	373,477	373,477	363,672
Service Costs	51,112	51,112	55,688
Planned and cyclical maintenance, including major repairs	110,115	110,115	113,300
Reactive maintenance costs	95,490	95,490	108,305
Bad Debts - rents and service charges	44	44	420
Depreciation of affordable let properties	431,802	431,802	412,725
Operating costs of affordable letting activities	1,062,040	1,062,040	1,054,110
Operating surplus on affordable letting activities	211,484	211,484	168,525
2016	168,525		

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2017	Operating Surplus / (Deficit) 2016
	£	£	£	£	£	£
Wider Role Activities	-	-	-	2,500	(2,500)	(2,668)
Factoring	774	774	-	774	-	(598)
Support Activities	-	-	-	17,665	(17,665)	(17,187)
Rechargeable Repairs - Bad Debts	-	-	4,416	-	(4,416)	(7,239)
Total From Other Activities	774	774	4,416	20,939	(24,581)	(27,692)
2016	713	713	7,837	20,568	(27,692)	

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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.

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

2017

£

53,995

53,995

2016

£

53,796

53,796

6. EMPLOYEE INFORMATION

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

The average total number of Employees employed during the year was

Staff Costs were:

Wages and Salaries
Social Security Costs
Other Pension Costs

2017

No.

6

6

£

176,989

11,777

21,738

210,504

2016

No.

6

6

£

170,760

11,547

16,316

198,623

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. (LOSS) / GAIN ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	19,603	39,211
Cost of Sales	42,865	28,693
(Loss) / Gain On Sale Of Housing Stock	(23,262)	10,518

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	15,629	19,557

9. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	431,957	420,063
Auditors' Remuneration - Audit Services	7,000	7,000
Auditors' Remuneration - Other Services	2,520	3,726
Loss / (gain) on sale of fixed assets	23,262	(10,518)

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

	2017	2016
	£	£
Unwinding of Discounted Liabilities	15,421	17,305

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2016	16,597,555	16,597,555
Additions	519,218	519,218
Disposals	(323,904)	(323,904)
As at 31st March 2017	16,792,869	16,792,869
DEPRECIATION		
As at 1st April 2016	6,771,442	6,771,442
Charge for Year	418,397	418,397
Disposals	(281,805)	(281,805)
As at 31st March 2017	6,908,034	6,908,034
NET BOOK VALUE		
As at 31st March 2017	9,884,835	9,884,835
As at 31st March 2016	9,826,113	9,826,113

Additions to housing properties include capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £445,320 (2016 - £204,405)

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £545,689 (2016 - £317,705). The amount capitalised is £445,320 (2016 - £204,405), with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £445,320 (2016 - £204,405) and improvement of £nil (2016 - £nil).

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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 2016	213,825	124,995	338,820
Additions	-	-	-
As at 31st March 2017	213,825	124,995	338,820
AGGREGATE DEPRECIATION			
As at 1st April 2016	65,495	110,966	176,461
Charge for year	7,128	6,432	13,560
As at 31st March 2017	72,623	117,398	190,021
NET BOOK VALUE			
As at 31st March 2017	141,202	7,597	148,799
As at 31st March 2016	148,330	14,029	162,359

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Arrears of Rent & Service Charges	10,564	8,022
Less: Provision for Doubtful Debts	(1,732)	(1,732)
	8,832	6,290
Other Receivables	17,571	24,823
	26,403	31,113

14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Housing Loans	107,308	105,421
Trade Payables	102,199	41,127
Rent in Advance	42,603	44,155
Other Taxation and Social Security	4,018	3,565
Other Payables	14,857	-
Liability for Past Service Contributions	48,673	42,841
Accruals and Deferred Income	3,605	4,914
	323,263	242,023

At the balance sheet date there were pension contributions outstanding of £7,036 (2016 - £6,438).

15. PAYABLES: AMOUNTS FALLING DUE AFTER ONE YEAR

	2017 £	2016 £
Liability for Past Service Contributions	198,327	232,092
Housing Loans	1,315,649	1,434,661
	1,513,976	1,666,753
Housing Loans		
Amounts due within one year	107,308	105,421
Amounts due in one year or more but less than two years	108,707	107,516
Amounts due in two years or more but less than five years	334,703	305,590
Amounts due in more than five years	872,239	1,021,555
	1,422,957	1,540,082
Less: Amount shown in Current Liabilities	107,308	105,421
	1,315,649	1,434,661
Liability for Past Service Contributions		
Amounts due within one year	48,673	42,841
Amounts due in one year or more but less than two years	49,607	46,859
Amounts due in two years or more but less than five years	148,720	141,578
Amounts due in more than five years	-	43,655
	247,000	274,933
Less: Amount shown in Current Liabilities	48,673	42,841
	198,327	232,092

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

Lender	Security	Effective Interest Rate	Variable / Maturity Fixed
Nationwide	Standard Security over 55 properties	Libor + 0.45%	2024 Variable
Bank of Scotland	Standard Security over 64 properties	Base + 0.9%	2026 Variable
Nationwide	Standard Security over 0 properties	Libor + 0.45%	2027 Variable
Nationwide	Standard Security over 0 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 loans.

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 1.06% (2016 - 2.64%).

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. STATEMENT OF CASH FLOWS

	2017 £	2016 £
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating Surplus	186,903	140,833
Depreciation	445,363	426,391
Amortisation of Capital Grants	(328,122)	(301,018)
Change in debtors	4,710	21,173
Change in creditors	31,416	(41,779)
Unwinding of Discount on Pension Liability	(15,421)	(17,305)
Share Capital Written Off	(27)	(43)
	<u>324,822</u>	<u>228,252</u>

17. DEFERRED INCOME

	Housing Properties Held for Letting £	Shared Ownership Properties £	Total £
Social Housing Grants			
Balance as at 1st April 2016	13,306,393	-	13,306,393
Additions in the year	72,560	-	72,560
Eliminated on disposal components and property	(52,710)	-	(52,710)
Balance as at 31st March 2017	<u>13,326,243</u>	<u>-</u>	<u>13,326,243</u>
Amortisation			
Balance as at 1st April 2016	5,768,314	-	5,768,314
Amortisation in year	294,118	-	294,118
Eliminated on disposal	(18,706)	-	(18,706)
Balance as at 31st March 2017	<u>6,043,726</u>	<u>-</u>	<u>6,043,726</u>
Net book value			
Balance as at 31st March 2017	<u>7,282,517</u>	<u>-</u>	<u>7,282,517</u>
Balance as at 31st March 2016	<u>7,538,079</u>	<u>-</u>	<u>7,538,079</u>

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

	2017 £	2016 £
Amounts due within one year	294,118	301,018
Amounts due after more than one year	6,988,399	7,237,061
	<u>7,282,517</u>	<u>7,538,079</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid

	£
At 1st April 2016	88
Issued in year	11
Cancelled in year	(27)
At 31st March 2017	<u>72</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:-

General Needs - New Build
General Needs - Rehabilitation

2017 No.	2016 No.
129	129
124	124
<u>253</u>	<u>253</u>

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS

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

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position 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 is made at arm's length and is under normal commercial terms.

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

	2017 £	2016 £
Rent received from Tenants on the Committee and their close family members	34,640	42,448
Factoring Charges received from owners on the Committee	299	308

At the year end total rent arrears and factoring owed by the tenant members of the Committee (and their close family) were £209 (2016 - £679).

21. 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, Barlanark, Glasgow.

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

22. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received £889 (2016 - £859) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

23. INVESTMENTS

	2017 £	2016 £
Short term deposits	354,929	864,692

GARDEEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS

General

Gardeen Housing Association Limited participated 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 Association has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit 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.

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 statement of financial position date the present value of this obligation was £247,000 (2016 - £274,933). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.06% (2016 - 2.64%).

The Association made payments totalling £48,673 (2016 - £42,091) to the pension scheme during the year.