



DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2010

The Glasgow Housing Association Limited

(Industrial & Provident Society No. P2572RS)
(Scottish Housing Regulator Registration No. 317)
(Scottish Charity No. SC034054)



Chair's Report

What a year! To describe 2009-10 as an important and exciting year in the history of Glasgow Housing Association is not to do it full justice.

It was a year in which a new GHA emerged: a GHA that set out on a journey to become even closer to its tenants and factored homeowners - and to key stakeholders. Very importantly, it was the year in which our future direction was agreed with tenants and key stakeholders, including Glasgow City Council and the Scottish Government.

In highlighting the many changes that have taken place, I would like to pay tribute to the Board and Executive team members who left GHA. In particular, I would like to thank former vice-chair Fred Shedden and former chief executive Taroub Zahran for their outstanding commitment, dedication and contributions.

GHA is not and never has been about simply bricks and mortar. The real GHA is the 2000 housing officers and close cleaners, clerical assistants and concierges, managers and directors, customer-service advisors and neighbourhood officers - and all of their colleagues - who care passionately about what they do, every day, to improve the lives of people in Glasgow.

The real GHA is also the LHO committee members and their chairs, who give up hours and days of their own time – without financial reward - to make sure GHA lives up to its promises to “create better homes, better lives”. It is also the GHA Board who also give unstinting, unpaid commitment in setting our strategic direction.

The past year has proven that tenants are at the heart of everything we do. As our new service and governance structures have been put in place, the influence of tenants and factored homeowners has become even stronger and more deeply embedded. There were great turnouts at every chairs' and committee members' conference as we debated and decided on what kind of GHA was needed going forward.

Four new Area Committees, based on Glasgow's Strategic Planning boundaries, will be put in place through our new governance arrangements. We have also expanded and empowered frontline services and slimmed down head office in overhauling our organisational structure. We also signed up to the new LHO-GHA Tenants' Charter, a new formal agreement between GHA and LHOs that puts tenants at the very heart of decision-making.

What has emerged is a GHA that not only puts our tenants and factored homeowners first, but also one that is geared to delivering excellent housing and community services in 2010 and beyond. This is in addition to completing all of the promises made to tenants at the time of stock transfer.

Our first priority will continue to be to provide warm, dry, safe and comfortable homes to the people of Glasgow. But there is so much more we can do. For instance, the new GHA can make a real difference to people's lives by creating, with our partners, jobs and training opportunities. In the last year, we helped 702 people into employment - 325 of them through our investment and revenue contracts - and another 347 through other projects, as well as 30 through our new modern-apprenticeship scheme.

We also completed 259 new homes in the north of Glasgow and began work on another 414 on nine sites. Thousands more tenants benefited from our massive improvement programme, one of the biggest of its kind in Europe, with a total spend of £1.2 BILLION, as we continued to upgrade and modernise homes and improve neighbourhoods across the city.

Much has been achieved over the year. The new GHA that has emerged is going forward with renewed confidence and the support of its staff and stakeholders. An even more exciting year lies ahead, as our new organisational structure and new governance arrangements are bedded down and our tenants and factored homeowners experience the many benefits they will bring.

Sandra Forsythe MBE

Chief executive's report

It has certainly been a landmark year. For the first time in our short history we have established, with the agreement and support of tenants, homeowners and stakeholders, a new purpose and direction that enables us to move forward as a credible, substantial and long-term landlord and regeneration partner.

This has given us the impetus and confidence to build a new GHA: one focused firmly on becoming closer to its tenants and factored homeowners and closer to its partners and stakeholders.

The transformation of the organisation is now well underway. We have set out with a clear set of principles, including completing the investment promises to tenants and delivering excellent housing services to tenants and factored homeowners.

At the same time, our focus was firmly set on delivering value for money to our customers and a commitment to work more effectively with our partners on the wider regeneration of Glasgow. Equally important is our determination to ensure tenants and homeowners have even more of a say in everything we do.

Another huge development in 2009-10 was the decision to carry out, in consultation with staff and customers, a major staffing restructure. Not only is this putting 20% more housing officers into communities, it also gives these officers new power and responsibility to resolve, quickly and efficiently, issues raised by our 55,000 tenants and 27,000 factored homeowners.

Another priority was to reduce layers of management at GHA and to streamline head-office functions. This has resulted in a whole range of services being devolved away from Granite House, the number of managers more than halving and decision-making speeding up.

Four new Area Teams – North, South, East and West – have been created, broadly in line with the city's Strategic Planning boundaries. This will ensure GHA works more closely with organisations, such as the City Council and police, fire and rescue and health services, to provide better joined-up services to Glasgow's communities.

Tenants will continue to be at the heart of the new GHA and will help us to set and supervise local priorities through their Local Housing Organisation Committees and new Area Committees. These Area Committees will comprise tenants and other community representatives, including

city councillors, and will have the power to make local decisions and have control over agreed local budgets.

GHA's Second Stage Transfer (SST) programme gathered pace throughout the year. The new timetable for transfers – should tenants vote for them – could see up to 16,500 homes transfer to community-based housing associations through 2010-11. Our commitment to this programme remains firm and will not change the fact that GHA will continue to be, in UK terms, a substantial and strongly-performing social landlord that is creating “better homes, better lives” for the people of Glasgow.

The financial year past also saw GHA achieve record-breaking results in key performance areas. For example, the number of tenancies in arrears fell to its lowest level ever, while more than 70 per cent of homes were let within four weeks. Results like these are the platform on which the new GHA can further improve performance and customer service in the year ahead.

Much was achieved in 2009-10 and, as always, much remains to be done. However, we can look forwards with confidence and optimism – as long as we continue to engage and involve our tenants and homeowners, retain the passion of our staff to provide excellent service and secure the ongoing support of our stakeholders.

Martin Armstrong, Chief Executive

OPERATING REVIEW

A new GHA emerges

The past year has been transformational for GHA, with:

- best-ever results across key areas of business performance;
- renewed momentum and progress on Second Stage Transfer (SST);
- continued service improvements for tenants and factored homeowners;
- a host of national awards for the organisation and its staff
- and an agreed set of principles that ensure GHA has a long-term future.

It was also a year in which rents were frozen for all tenants at their 2009/10 prices until March, 2011.

In good shape to go forward

The new GHA emerged from an independent review of the organisation's purpose and direction, the terms of which were agreed with the Scottish Government, the Scottish Housing Regulator and Glasgow City Council, as strategic housing authority. Carried out by the respected Financial Information Company, it involved consultation with tenant representatives and stakeholders and established a way forward based on eight principles:

1. Fulfilling the commitments made to tenants at stock transfer.
2. Making tenant empowerment central to both governance and service delivery.
3. Delivering a significant and credible programme of Second Stage Transfers.
4. Remaining a substantial and long-term landlord in Glasgow, so long as that is what tenants want.
5. Striving for service excellence for the benefit of customers and Glasgow's wider social housing market.
6. Working with partners and stakeholders in strategic planning and operations.
7. Continuing our role, alongside partners, in the wider regeneration of Glasgow.
8. Yielding the financial benefits of scale for tenants and the wider community through our distinctive contribution to social housing in Glasgow.

An organisational review was undertaken to ensure the new GHA's structure was able to deliver these principles. The end result is:

- a slimmed-down and decentralised head office;
- strengthened and expanded frontline housing services;
- and four new Area Committees and staff teams, based on Glasgow's Strategic Planning boundaries.

Closer to communities

One of the most important aspects of the new GHA is four Area Committees (North, South, East and West). Comprising LHO committee members and other community representatives, including city councillors, they put communities even more at the heart of GHA's governance structure. This means more tenants have more influence in deciding local priorities and more control over the services provided in their neighbourhoods.

Looking to the future

The new GHA has been endorsed by key stakeholders, including the Scottish Government and Glasgow City Council, as a substantial, long-term social landlord and as a key partner in the regeneration of Glasgow.

On both counts, the following five strategic aims will help drive forward the business:

1. Empower tenants to enable us to deliver local priorities
2. Deliver service excellence
3. Maximise our assets and services to regenerate Glasgow
4. Empower and motivate staff to make a positive difference to people's lives
5. Create value through innovation.

Size does matter

The ongoing Second Stage Transfer programme will give 16,500 tenants in 29 communities across the city the opportunity over 2010-11 to vote on whether they want to transfer ownership of their homes to community-based housing organisations. After this programme is completed, GHA will continue to be one of the UK's largest and one of Scotland's best-performing social-housing landlords.

While the new Area Committees will provide local focus and local empowerment, GHA's size and scale will continue to be important in terms of strategic planning and the delivery of major city-wide initiatives, such as the £1.2 billion Investment Programme.

Values that matter

Staff across the city have helped us to develop a new set of values – **passionate, inspirational and ambitious** - that capture what the new GHA is about.

In being **passionate** about what they do, staff work every day to deliver high-quality services to tenants and homeowners that improve their homes, lives and communities. They also want to create and be part of an organisation that is **inspiring**, effective and constantly improving. GHA staff are also **ambitious** for the future of Glasgow, and are determined to play a full and active part in the regeneration of the city.

Better performance

The performance of Registered Social Landlords (RSLs) in Scotland is measured annually on criteria such as tenancy sustainment, rent arrears, letting homes within four weeks and the average number of days it takes to rent a home. GHA continued to improve performance in 2009-10 across most areas, despite the ongoing recession and in the midst of an organisational review.

Tenancy sustainment was up 1.34 per cent to 87.88, while best-ever results were achieved in both rent arrears - 3.56 per cent of gross debt against a target of 3.79 per cent – and the number of tenants in arrears, which fell from 17,927 to 16,747. This reduced the percentage of tenants in arrears to 28.57 per cent, well within the 30 per cent target.

The 70.15 percentage of homes let within four weeks was marginally over the 70 per cent target, while the average number of days to let a property was 25.69 days against a target of 25 days, and was the best performance achieved in GHA's history.

External recognition

The highly-prestigious Customer Service Excellence award, the UK national standard for public-sector organisations - which is overseen by the Cabinet Office - was received in June, 2009. GHA was recognised for showing best practice in several areas, including the involvement of all staff in actively promoting a customer-focused culture, the new complaints procedure and the 24-hour concierge service at multi-storey flats.

In September, 2009, GHA's Housing Support Service, which runs 34 sheltered-housing complexes, received a glowing report from The Care Commission. Inspectors found this service to be either "excellent" or "very good" in every area assessed. The care watchdog reported GHA "showed the kind of quality that every care service should aspire to". In November, GHA was awarded the maximum five-star health-and-safety rating by the British Safety Council (BSC), for the second year running. In the BSC's audit of operations, GHA scored 97.7 per cent.

In the 2009 Sustainable Housing Awards, organised by Inside Housing magazine and focusing on the best green social-housing projects in the UK, GHA and its partner, Glasgow City Council, won the Transformation Award for a makeover project at Townhead. Improvements included a new games court, landscaped public areas and striking large-scale art works designed by local school pupils.

In the CIH's "Housing Heroes" awards, GHA Board member Kate Willis, of Castlemilk Tenants' Housing Association LHO, was named "Board Member of the Year", while GHA's Business Improvement Leaders team was recognised in the "Customer Service Team of the Year" category. The Evening Times Community Champions Awards recognised the commitment and dedication of Linkwood Concierge Service in Drumchapel, which won the Public Service Award.

Tenant satisfaction

Awards are great to receive, but our customers' views are what matter most. We know there is always more work to do, but we are pleased the 2009 tenants' survey showed a strong perception that GHA is an efficient landlord, providing good value for money. The survey showed:

- 80 per cent of tenants were satisfied with GHA as their landlord, compared with 72 per cent in 2006;
- almost three quarters of tenants were satisfied with the way GHA deals with day-to-day repairs and maintenance, up from 64 per cent in 2006;
- overall, 80 per cent of tenants were satisfied with their home;
- and that the same proportion agreed GHA was an efficient landlord - an increase of 17 percentage points from the previous survey.

Feedback from more than 1000 personal interviews with factored homeowners also revealed a substantial increase in the number of people satisfied with services. Seventy per cent of customers believed GHA's factoring subsidiary GHA(M) – since renamed YourPlace Property Management - was good at keeping them informed, an increase of 23 per cent on 2007, while 55 per cent agreed GHA(M) was an efficient property manager, up from 35 per cent. Overall satisfaction was up nine percentage points to 54 per cent.

CIH partnership

A strategic partnership, the first of its kind in Scotland, was signed with the Chartered Institute of Housing, providing staff with a range of training and development opportunities and the opportunity to gain a recognised qualification in housing. A record 250 GHA staff completed the Level 2 Certificate in Housing in the first year of the partnership.

Solid progress for GHA subsidiary

Improved services and external recognition were the hallmarks of another year of progress for GHA (Management) Ltd, the subsidiary that provides factoring services to 27,000 homeowners.

Homeowners, who share common areas with GHA tenants, continued to benefit from the city's £1.2 billion Investment Programme. Additional assistance to pay for their share of the cost of new roofs and overcladding was made available, with the launch of an extended repayment scheme in December 2009. On a case-by-case basis, homeowners can now apply for more time to pay their share of the investment work.

Itemised billing was introduced at the beginning of the financial year, which resulted in the number of customers calling with a query over the cost of a repair falling by more than a third. Payment options were also improved by enabling customers to pay some bills by direct debit, a facility that will be extended during the year ahead. Investors in People (iIP) accreditation was regained in March, 2010, with assessors praising GHA(M)'s 40 staff for their commitment to delivering customer satisfaction. Other milestones in the year included:

- the expansion of GHA(M)'s customer base by attracting, for the first time, new customers outwith the Right to Buy sector;
- and working with the Scottish Government to create a voluntary accreditation scheme for property managers in a bid to raise standards throughout the factoring sector.

Better homes

In fulfilling its promises to tenants at stock transfer, GHA undertook to complete one of the largest modernisation programmes of its kind ever seen in Europe. That programme has delivered, over seven years to date, over £950 million worth of improvements and refurbishments to housing in Glasgow, with another £250 million worth of investment planned over the next three years. Of course, good housing is about much more than bricks and mortar, but the scale and efficiency of the Improvement Programme continues to ensure Glasgow's tenants and factored homeowners benefit from having warmer, drier and more environmentally-friendly and energy-efficient homes.

Three-year investment plan

The next three years will see the final phase of this ambitious Improvement Programme being completed. In 2009-10, a further 2342 heating systems were replaced and 3899 properties, both low rise and multi-storey flats, were overclad. This means that since 2003, GHA has installed:

- 40,618 central-heating systems
- 11,057 new windows
- 36,434 new kitchens
- 36,264 new bathrooms
- 47,741 new Secured by Design doors.
- overclad 28,006 homes
- re-roofed 25,684 houses
- and re-wired another 33,994 homes.

Also, an important clause in all investment and revenue contracts means contractors deliver training and employment opportunities for hundreds of people in Glasgow. Between April 2009 and March 2010, 325 new jobs were created, including 144 apprenticeships. A total 1473 people have now been recruited, including 425 apprentices, and 322 training places have been created for people who were previously unemployed.

Building a bright future

GHA's new-build programme is providing attractive, energy-efficient homes, with the aim of creating and maintaining safe and vibrant neighbourhoods, with a mix of house types that give people in Glasgow maximum choice.

The first phase, featuring 239 high-quality homes in Barmulloch, Mansel Street and Avonspark Street in the north of the city, and another 20 in Scotsburn Road, was completed ahead of schedule in June, 2009. Most of the new tenants were re-housed from properties earmarked for demolition in the north of Glasgow, many from multi-storey flats. Their new homes are a mix of terraced houses, semi-detached, cottage flats, town houses and three-storey tenement flats.

The new homes have achieved Secured by Design (SBD) accreditation, a police initiative that helps cut crime by improving home security. Studies show SBD doors and windows reduce housebreaking by 26 per cent. The new homes are also environmentally-friendly, with a "good" grading under the Ecohomes assessment scheme.

Work started on the second phase of the new-build programme in October, last year. A total of 414 homes at nine sites across the city are being built in partnership with Scottish house builder Cruden. The huge investment will see:

- 26 homes built at Airgold Drive and Ledmore Drive in Drumchapel;
- 13 at Shafto Road in Knightswood;
- 22 at Halley Place in Yorker;
- 16 at Kempsthorn Crescent and 70 at Brockburn Road in Pollok;
- 80 at Holmfauldhead Drive in Linthouse;
- 93 at Riverford Road in Pollokshaws;
- 47 at Summertown Road in Govan;
- 47 at Duke Street/High Street.

The new properties have between one and four bedrooms and include terraced homes, cottage flats, flats and semi-detached homes. Eighteen have wheelchair access. Tenants of these new homes, which have SBD accreditation and an Ecohomes rating of "very good", come from areas in our clearance programme.

Demolitions

The demolition of multi-storey flats continued through the year, including:

- two blocks in Shawbridge, as part of the area's redevelopment plans;
- two nearby blocks at Riverford Road and Riverbank Street, with a new-build programme for the area already underway;
- and six 19-storey blocks in Sighthill to make way for new homes which will be built in phases.

Around 95 per cent of the rubble generated by the demolitions can be used for recycling.

Wingets

Tenants and homeowners in Carntyne have seen the start of work to save and upgrade 900 homes previously declared structurally defective. The Winget properties, built in the late 1920s using a reinforced concrete design, were first designated structurally defective more than 20 years ago.

GHA commissioned a pilot study in April, 2007, which determined the properties could be saved by carrying out structural repairs. Work on the homes began in January, 2010, and will continue over the next five and a half years, at a cost of £38 million. Every GHA Winget home will also be upgraded, with new kitchens, bathrooms and central heating.

The Glasgow House

Construction began of four prototype energy-efficient homes. Aimed at driving down heating and hot water costs, the Glasgow House is collaboration between GHA, architects PRP and City Building.

The prototypes, which are also environmentally friendly as well as tackling fuel poverty, are being built at City Building's Skills Academy in Laurieston by local workers and apprentices. One is built using hollow clay bricks and the other is timber-framed, with features such as high insulation levels, simple forms of construction to minimise heat loss and energy use, windows and rooms that capture the sun's energy and solar thermal panels on the roof.

Better lives

GHA strives each year to review and improve the range of services it provides to tenants and factored homeowners and, at all times, to provide excellent value for money. As well as having modern, bright and attractive homes, our aim is increasingly to ensure our customers also live in cleaner, greener and safer neighbourhoods and communities. Several initiatives and improvements were introduced during the year to progress this priority.

Communities count

The Neighbourhood Renewal Team worked in 2009/10 with a range of partners across more than 150 citywide and local projects to support tenants and homeowners to make communities safer and more attractive.

A total of 347 people were helped into employment through projects like Community Janitors, a joint initiative between GHA and Glasgow's Local Regeneration Agency (LRA) network. The programme provides paid placements for six months. Trainees, who were previously unemployed, carry out environmental tasks in GHA neighbourhoods, such as cutting grass and trimming hedges.

Since the start of the programme in 2006, 801 training places have been created, with 653 being filled by GHA tenants. On completion of their training, 434 trainees moved into employment.

The Neighbourhood Renewal Team also:

- supported environmental improvements, such as local clean-up campaigns and 22 garden competitions;
- built, in partnership with Glasgow City Council, nine new play areas, bringing the total to 52 since 2005.

- launched a fuel-advice service in October, last year;
- helped almost 2500 tenants over 60 with small jobs around the home through the Handyperson Service;
- provided 81 different exercise and arts classes at 23 sheltered-housing complexes for 1850 older people through the Silver Deal Active Programme, supported by Glasgow Life;
- introduced the “Birthday Bags” project, which has delivered over 2800 birthday bags - full of useful items, including a pedometer, torch key ring and anti-slip bathmat – to tenants on their 60th birthday;
- and also distributed “Welcome Bags” containing practical items such as washing-up liquid, toilet rolls, coffee and tea, a cook book, energy-efficient light bulbs and an oral health pack to former homeless people when they begin a tenancy.

Lighting up the sky

GHA lit up the Glasgow skyline with several innovative lighting projects that have become local landmarks.

The Castlemilk Lighting Project, launched with partners Collective Architecture, Northern Light and Glasgow City Council, uses coloured LED lights in the stairwells of the Dougrie Place high rises, which also forecast weather conditions.

The lighting system at Springburn features a scrolling floral pattern of lights climbing the façade of the Wellfield multi-storey flats, while work on high rises in Cranhill and Blairdardie was also complemented by new lighting systems.

All these projects, part funded by GHA and Glasgow City Council, have become landmarks in their areas.

Back-court maintenance

In April, 2010, responsibility for the maintenance of backcourts was transferred to GHA from Glasgow City Council. Backcourt squads cut grass, weed, trim hedges and sweep and clear leaves and rubbish. Improvements to the service include the extension of garden tidy-ups through winter, more thorough clean-ups after hedge-cutting, the introduction of new mowers and a stricter inspection regime. Tenants now sign off visits to ensure they are satisfied.

Close cleaning

Six squads of close cleaners, covering the west of the city, moved into a new office and maintenance base in Pollock in October, last year. The premises also house a new heavy-duty “Green Machine” street sweeper.

Close cleaners now contact the GHA Customer Service Centre (CSC) to report minor repairs and leave a sticker on the relevant area to tell residents “we are on the case”. Tenants and homeowners also have a weekly sign-off to ensure they are satisfied with work carried out.

Disabled adaptations

Tenants who need small alterations in their home, such as the fitting of a handrail or a lever tap, can now simply call their Local Housing Organisation or the Customer Service Centre to have the work done. Previously, requests for adaptations needed an assessment from an occupational therapist. Occupational therapists continue to carry out assessments for bigger adaptations, such as ramps.

Homechoice

A new choice-based letting system was piloted in the west of the city in place of the old points-based system of allocating homes. Homechoice allows tenants to register their interest in available properties, which are advertised on the GHA website and in the Evening Times newspaper. An independent review carried out last year by Heriot-Watt University concluded applicants found the system fair, understandable and preferable to the points-based approach and that it helped to prevent properties lying empty for long periods.

One-stop shop

Plans were unveiled for a new one-stop shop at 173 Trongate offering all housing services under one roof. The ground-floor premises are customer-friendly, with easy access for elderly and disabled, with specially-trained staff are on hand to collect payments and offer advice to tenants and homeowners.

“Rent First” campaign

Launched in the run-up to Christmas when paying rent sometimes becomes a lesser priority, the campaign featured newspaper, radio, billboard and phone-box adverts combined with staff being available to advise tenants on how to manage their rent, including making new repayment arrangements and benefits. Rent arrears fell by almost £800,000 compared with the same period last year, with GHA’s approach being praised by Shelter Scotland and the Scottish Government.

Rent freeze

Rents and service charges for furnished lets, lock-up garages and very-sheltered housing were frozen until March, 2011. After a major consultation with tenants and stakeholders, and after assessing feedback, plans for a major rent restructure were postponed until it was determined how the issue of larger increases for a small percentage of tenants should be handled.

Better Glasgow

GHA is first and foremost a substantial, long-term social landlord – but one that is driving forward, with its partners, the wider regeneration of Glasgow.

The shared vision and ambition is to create a more vibrant Glasgow that offers more employment opportunities for its skilled workforces and neighbourhoods and communities that are cleaner, greener and safer.

GHA is working more closely than ever with Glasgow City Council, the Scottish Government, Strathclyde Police, Strathclyde Fire and Rescue, NHS Greater Glasgow and Clyde and other agencies to tackle the city’s deep-rooted problems.

This resulted in the past year in GHA helping over 700 people to get a job, including:

- 325 people who were recruited as a result of a clause in investment and revenues contracts that stipulates contractors must offer training and employment opportunities;

- 347 unemployed people, who got a job through projects like the Environmental Employability Programme, popularly known as the Community Janitors;
- And 30 school leavers who joined GHA's dedicated housing apprenticeship programme as part of the City Council's Commonwealth Apprenticeship Initiative.

A new scheme, Connecting People to Opportunities, was also launched to help people find work. This involves tenants receiving advice, information, training and work placements after being referred by GHA housing officers through Glasgow Works and the city's five Local Regeneration Agencies.

Healthy diversions

No fewer than 26 youth diversionary projects, covering 92 per cent of GHA houses and engaging more than 2500 young people, were supported by GHA. Activities range from music, drama and IT to volunteering, sport and art.

The projects divert youngsters away from anti-social behaviour, increasing confidence and helping them to prepare for the world of work. Some of the programmes have been so successful Strathclyde Police have reported a reduction in anti-social behaviour and minor crime in many communities. Several, including Operation Reclaim in the north of Glasgow, the West End Youth Diversionary Project and the Dumbarton Road Corridor Peer Education Programme, won Evening Times "Community Champion" awards.

Tackling anti-social behaviour

The award-winning Neighbour Relations Team (NRT) resolved 514 cases of anti-social behaviour in and around GHA properties. GHA is the only social landlord in the UK with a specialist drugs officer. After close liaison with Strathclyde Police, 28 drug dealers were evicted from GHA properties between April, 2009, and March 2010, and another 30 convicted dealers gave up their tenancies under threat of legal action. The figure is more than twice the number of dealers evicted in 2008.

Cutting the city's carbon footprint

As the largest social housing provider in the country, GHA is committed to combating climate change. Contractors are required to minimise waste and recycle and use local and sustainable materials wherever possible. As well as transforming the city skyline, the GHA demolitions programme plays its part. Tens of thousands of tonnes of rubble created by our demolitions are recycled, crushed, graded and used in the foundations for roads and buildings.

The £1.2 billion Investment Programme, involving the installation of efficient heating systems and double-glazed windows, and the overcladding of low-rise and multi-storey flats with external wall insulation, provides tenants and homeowners with more comfortable homes and reduced heating bills. This has also had a big impact on cutting GHA's carbon footprint, generating reductions of 4430 tonnes of carbon emissions and 78,000 giga joules of energy used.

From September 2009, tenants began being visited in their homes by two fuel advisors, helping them to make the best and most energy-efficient use of their heating systems.

Partnership working

A specialist registrar in public health medicine from NHS Greater Glasgow and Clyde was seconded to GHA in September, 2009, for six months. Focusing on tenancy sustainment and the prevention of homelessness, the registrar has helped to improve allocations procedures and to meet the needs of tenants with alcohol and addiction issues by improving referral procedures to other services.

The secondment of a Strathclyde Police inspector to the NRT boosted efforts to tackle anti-social behaviour. GHA also funded 25 bikes and 53 sets of equipment for police officers across Glasgow.

Regenerating communities

The drive to transform Glasgow's most disadvantaged areas was stepped up. A joint strategic group, also involving the Scottish Government and Glasgow City Council, was set up to progress eight Transformational Regeneration Areas (TRAs) and build hundreds of affordable new homes to rent and buy. The TRAs are: East Govan / Ibrox, Gallowgate, Laurieston, Maryhill, North Toryglen, Red Road, Sighthill and Shawbridge.

FINANCIAL REVIEW

In difficult economic conditions GHA continued to meet financial targets set by the business plan and budget. GHA restructured the grant and funding arrangements to meet future requirements. There has also been a restructuring and cost reduction programme that will yield more effective services at the front line while also delivering significant cost savings in the future.

INCOME

GHA's group turnover for 2009-10 (excluding loss on sale of fixed assets and interest received) was £251.2m (£249.6m, 2008-09). The main source of income was rental income of £192.6m (£197.7m, 2008-09). The remainder of income came primarily from homeowners' payments for improvements made to their homes, £24.4m (£22.6m, 2008-09) and rental income from commercial properties.

In addition, GHA received Scottish Government grants totalling £67.3m (£70.3m, 2008-09). Sales under Right-to-Buy legislation totalled £6.7m (£14.5m, 2008-09) less £2.5m (£5.5m, 2008-09) payable to Glasgow City Council and £4.2m (£9.0m, 2008-09) retained by GHA.

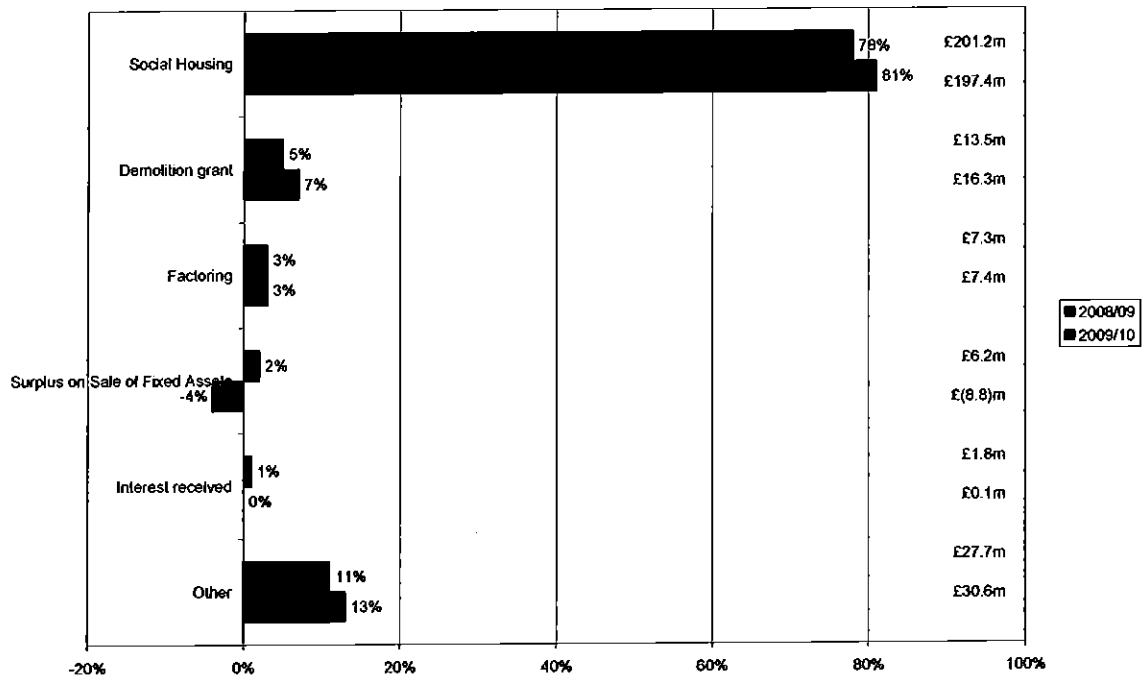
EXPENDITURE

Total Revenue Expenditure was £216.9m (£211.7m, 2008-09) comprising the following main items:

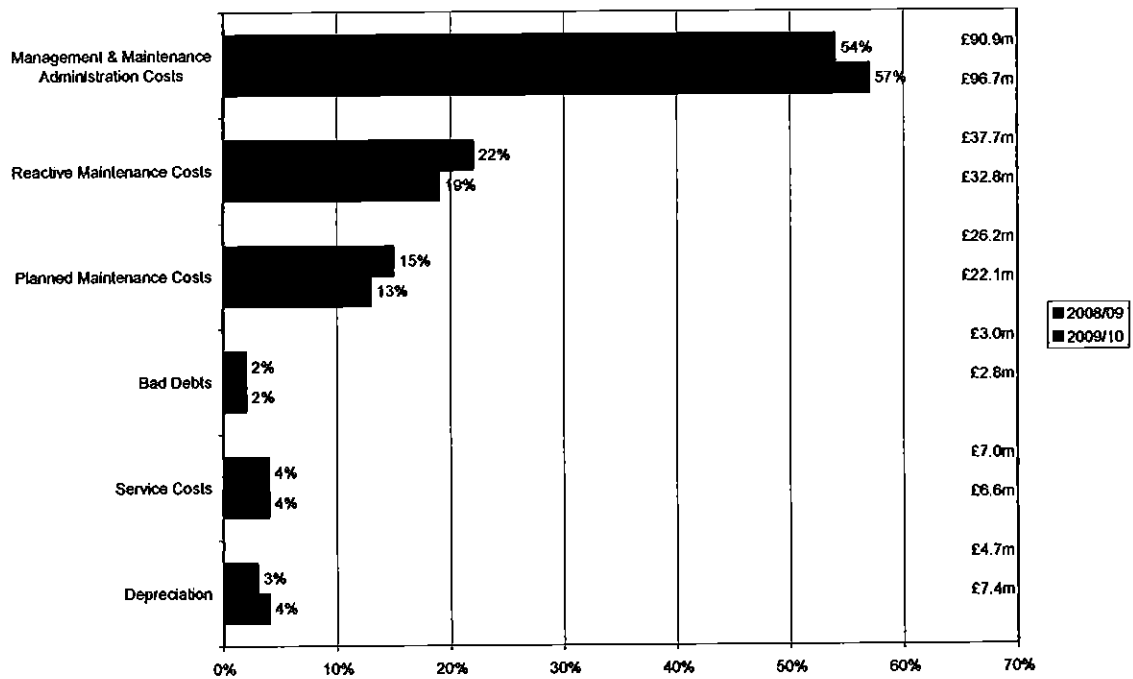
- Letting activity management and maintenance administration costs were £96.6m (£90.9m, 2008-09)
- Included in management and maintenance administration costs are employee costs (excluding capitalised employee costs) totalling £63.5m (£57.6m, 2008-09).
- Repairs to GHA properties totalled £32.8m (£37.7m, 2008-09) and planned maintenance to improve housing totalled £22.1m (£26.2m, 2008-09).

At the end of the year, GHA had rent arrears of £12.0m (£12.0m, 2008-09) and bad debt provisions of £7.3m (£6.5m, 2008-09) mainly from tenant arrears balances.

INCOME



EXPENDITURE



BALANCE SHEET

Our investment during the year in tenants' homes totalled £146.9m (£156.6m, 2008-09). The value of housing stock is £452.8m (£331.7m, 2008-09).

GHA participates in the Strathclyde Pension Fund. The deficit of £56.0m (£3.5m deficit, 2008-09) will be addressed through changes in employers' contributions. At the year end, GHA group had a net asset position of £165.1m (£171.0m, 2008-09).

CASH FLOWS

GHA's group cash flows are shown on page 33. Net cash inflow from operating activities was £44.9m (£50.8m, 2008-09). The increase in net cash of £7.6m (£21.7m increase, 2008-09) was after grants of £55.2m (£59.8m, 2008-09) and loan receipts of £84.9m (£83.0m, 2008-09). The principal cash outflows were operating costs and investment in assets, particularly housing stock of £162.1m (£175.9m, 2008-09).

LIQUIDITY

GHA's short-term liquidity has improved in the year to show net current liabilities of £12.2m (£37.3m, 2008-09). Creditors falling due after more than one year, has increased to £254.0m from £154.5m in 2008-09, the main movement being additional bank loans.

CAPITAL STRUCTURE AND TREASURY POLICY

GHA's activities are funded on the basis of a Business Plan which is updated annually. The main elements of GHA's long-term funding are a 30-year loan facility with a syndicate of banks and capital grants and loan provided by the Scottish Government.

The syndicated loan facility, originally arranged in 2003, was restructured in May 2010. It allows GHA to borrow up to £700m and has been extended for a new period of 30 years. Previously the borrowing facility was £725m repayable in 2032-33. In broad terms, our current Business Plan assumes that we will increase our borrowings each year until we reach a maximum of £692m in 2018/19, reflecting the significant investment programme in the first ten years of the Plan. The debt is progressively paid off in subsequent years and is projected to be fully paid off by 2040.

The Business Plan assumes total capital grants and loan from the Scottish Government of £469m from the date of transfer. These grants and loans are repayable in 2040. However, if GHA is successful in achieving certain targets in respect of its performance and second stage transfers then the grant repayments are significantly reduced. The Business Plan also includes Scottish Government funding for specific elements of our investment programme in respect of demolition and new build works.

At the time of the stock transfer GHA managed its interest rate risk by entering into hedging arrangements, which have the effect of fixing the interest rate on a proportion of the projected debt levels each year. The interest rate on the remainder of the debt will vary in accordance with market interest rates. As GHA evolves, its projected debt levels change, therefore in March 2010 GHA approved a new hedging strategy for implementation in 2010-11, which achieves closer alignment of the fixed rate profile to the latest projected debt profile. We regularly review our arrangements with respect to the hedge on our loans. The Board receives updates each quarter which detail the debt, cash and interest received and paid. Changes to banking arrangements and bank signatories are approved by the Board.

The GHA Group Treasury Management Policy sets down the framework for investing and managing of cash, raising loans, interest rate management and the use of financial derivatives of the Group. A key objective of the Policy is to ensure that the Group's loan portfolio represents the optimum balance of risk in interest rate, loan maturity and fixed rate exposure. In turn, it ensures that Group officers have the authority to take the necessary action as and when required in response to changes in the financial markets. The overriding objective of this Policy is to be risk averse, whilst at the same time maximising return on funds invested within laid down agreed parameters.

LONGER-TERM BUSINESS PLANNING

Each year GHA produces a 30-year Business Plan which details and costs long-term plans. This document, which is examined by the Board and by external advisers, demonstrates our longer-term viability and regeneration plans. A copy is on the GHA website and available on request from GHA's offices.

The GHA 30-year Business Plan for 2010/11 highlights the following five big aims for the organisation:

1. Empowering tenants to enable us to deliver local priorities
2. Delivering service excellence
3. Maximising assets and services to regenerate Glasgow
4. Empowering and motivating staff to make a positive difference to people's lives
5. Creating value through innovation

The Business Plan is made operational through GHA's Delivery Plan with outcomes cascaded throughout the organisation.

KEY OUTPUTS

The key outputs for 2009-10 were:

- Capital expenditure on our tenant investment programme totalled £146.9m (£156.6m, 2008-09)
- A further £16.5m (£21.4m, 2008-09) of works was carried out on behalf of owners
- A total of 2,408 units (2,676 units, 2008-09) were demolished during the year
- Phase 1 of the new build programme is confirmed and, in the year under review, has delivered the final 54 of the 239 units. A further 20 units were completed through Phase 1a in the year.
- A total of 153,369 (194,256 2008-09) repairs were completed. The investment programme and an increased focus on cyclic / planned maintenance have also had a direct impact on responsive repairs and the volumes in this area have reduced.
- Lettable void rates are below our 1.61% target at 1.46% of total stock, a significant improvement on 1.68% from 2008-09
- Sitting tenant arrears at the year end were 3.6% (4.0%, 2008-09) better than our operational target of 3.8%.
- Our Neighbour Relations Team assisted a total of 3,116 people (2,796 people, 2008-09) who were subject to anti-social behaviour and responded to all referrals within agreed target times.

NON ADJUSTING POST BALANCE SHEET EVENT

In June 2010 a further 5 second stage transfers took place in line with the detailed Business Plan. These disposals realised £7.649m

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

GHA's Rules currently allow for the appointment of up to 15 Board members as follows:

- Up to six tenant Board members
- Up to six independent Board members
- Up to two council Board members
- The option to appoint the Chief Executive as a co-optee to the Board

At 31 March 2010 there were 13 members of the GHA Board: six tenant members, five independents and two council Board members.

Each member of the Board holds one fully paid £1 share that is cancelled on cessation of membership. During 2009-10 five shares were issued and five memberships cancelled. The members of the Board during the year are listed below:

Name	First Joined Board	Re-elected/ re-appointed	Left Board
Alastair Dempster	3 May 2002	09 September 2009	
Fred Shedden	3 May 2002	17 October 2008	16 August 2009
Margaret Ward	30 September 2003	29 September 2006	28 May 2009
Sandra Forsythe	17 December 2004	17 September 2008	
Wilma Masterton	6 September 2006	09 September 2009	
Keith Kintrea	6 September 2006	09 September 2009	
Councillor Pat Chalmers	27 November 2007		03 September 2009
John Grant	17 September 2008		
Councillor Kenny McLean	9 October 2008		03 September 2009
Ian Wall	27 October 2008	09 September 2009	
Gordon Sloan	23 March 2009	09 September 2009	
Councillor Ruth Black	25 March 2009		03 September 2009
Kate Willis	09 September 2009		
Robert McCormick	27 April 2009	09 September 2009	
Alastair MacNish	17 August 2009		
Elizabeth Walford	17 August 2009		
Councillor James Dornan	03 September 2009		
Councillor Philip Braat	03 September 2009		

GHA BOARD

The Board is responsible for the overall strategic direction and objectives of GHA. Key responsibilities are:

- Approval of the Business Plan, budget, and any variations and amendments to them, together with other matters which fall within the strategic role of the Board
- Establishing strategic plans and policies to achieve these objectives
- Approval of and any amendments to the SST programme and approval of Second Stage Transfers
- Approval of the creation or dissolution of a subsidiary
- Defining and ensuring compliance with our values and objectives as a registered social landlord
- Approving each year's financial statements
- Establishing an appropriate framework of delegation and systems of internal control
- Taking key decisions on matters that will, or might, create significant risk including approving any significant contractual arrangements.

In order that it can deliver its role effectively GHA's Board operates a committee structure with delegated responsibility to the following 6 committees:

APPOINTMENTS AND APPRAISALS COMMITTEE

Responsible for:

- The process for recruitment and selection of Board members
- Ensuring Board Members have necessary skills and experience to fulfil their roles
- The appointment and remuneration of the Chief Executive
- Considering and approving where appropriate, relevant offers of employment and promotion as required by the provisions of Schedule 7 of the Housing (Scotland) Act 2001.

AUDIT COMMITTEE

Responsible for monitoring the financial integrity of the financial systems of the association. Specifically, this committee:

- Reviews GHA's system of internal control and risk management system including that within the LHOs
- Provides an overview of the internal and external audit functions
- Scrutinises the financial statements
- Monitors the implementation of internal audit recommendations and external audit reports and management letters
- Reviews the internal audit plan and scope of work
- Reviews the effectiveness of the overall risk strategy.

REGENERATION COMMITTEE

Responsible for directing GHA in relation to:

- Strategic oversight of the transformational regeneration projects
- Other strategies for creating and sustaining successful neighbourhoods
- The new build programme
- The future of properties with an uncertain future.

OPERATIONS COMMITTEE

Responsible for:

- Approving the capital programme investment strategy
- Monitoring compliance with Remodelled Management Agreements
- Monitoring compliance with and performance of GHA's overall housing and property services, investment and demolition programme
- Approving and monitoring implementation of the LHO development strategy including approval and amalgamations or transfers of engagements between LHOs
- Approving and monitoring implementation of policies including service delivery, investment, housing management and Local Shared Services
- Receiving reports from the Regeneration Committee of properties to be demolished in the transformational regeneration areas, for inclusion in the association's demolition programme.

BUSINESS TRANSFORMATION COMMITTEE

Responsible for:

- Overseeing and monitoring issues relating to the Community Ownership process and consideration of business services units as well as the devolution of activities through Local Shared Services arrangements
- Monitoring implementation of the SST process including the pilot programme and COI process
- Approving and monitoring implementation of the association's policies relating to Community Ownership, Second Stage Transfers and business service units.

FINANCE COMMITTEE

Responsible for:

- Overseeing the long term strategic planning of the Association's finances
- Monitor and review the Association's current and projected performance against Budget
- Ensuring that the Association has an effective framework for financial management
- Overseeing treasury management, procurement and financial risk
- Approval of the Scheme of Financial Delegation

GOVERNANCE REVIEW SUMMARY

Reflecting the various reports, GHA undertook an exhaustive review of its governance arrangements through November – June 2010. The aim was enhanced scrutiny of decisions, a clear strategic focus of the Board and a new committee structure to reflect our new strategic direction and building in our new empowered Area Committees.

EMPLOYEE POLICIES

GHA recognises that delivering excellent service is dependent on all of our employees. Accordingly, GHA is committed to the promotion of lifelong learning. During the year, we provided financial support to fund over 30 employees through higher education. GHA introduced externally accredited concierge and manager development programmes. GHA, GHA (Management) Ltd and 16 LHOs have Investors in People accreditation. GHA has organised wellbeing days for staff, promoting a work/life balance, as well as a programme of medical screening which has proved popular with staff.

TENANT PARTICIPATION

GHA sees tenant participation as a key strength of our organisation. Tenants make up the largest single grouping on our Board. Throughout the LHO network, there are approximately 600 tenant LHO committee members who make key decisions on delivery of services and investment in their area. We also carry out regular tenant consultation through surveys, questionnaires and publications. GHA consults with LHOs, registered tenant organisations throughout the city and other key stakeholders.

HEALTH AND SAFETY

The health and safety of tenants and staff is a key concern for the Board which receives regular reports on accidents at work and health and safety incidents. We have a health and safety team to give advice on policy and to carry out inspections and investigations when required. We also have access to specialist advice if this is necessary. In addition to our Scottish Health at Work (SHAW) accreditation we received a 4 star rating from the British Safety Council following their audit of our procedures and operations.

SUSTAINABILITY

We have published a sustainability policy for GHA and are implementing new initiatives on recycling, energy efficiency and reclamation of materials from demolished properties. All recent multi-storey flat demolitions have carried out all recycling of rubble and waste on site.

POLITICAL AND CHARITABLE DONATIONS

There were no political or charitable donations made by GHA within the year.

CREDITOR PAYMENT POLICY

GHA agrees payment terms with its suppliers when it enters into contracts. The average creditor payment period for the year was within 30 days.

DISCLOSURE OF INFORMATION TO AUDITORS

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that he/she ought to have taken as a Board member to make himself/herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information

INTERNAL FINANCIAL CONTROL

The Board of GHA is responsible for ensuring that an effective system of internal financial control is maintained within the organisation. This system of internal control can provide reasonable but not absolute assurance against material misstatement or loss.

The mechanisms by which the Chief Executive obtains assurance that the system of internal control is working effectively are the same as those that the Board uses to assure itself, although there are separate and additional responsibilities of the Chief Executive in respect of the organisational management and operational systems and procedures.

FRAMEWORK OF INTERNAL CONTROL

The internal control framework is supported by organisational control measures including financial and business planning, risk management, performance monitoring and reporting, project management and communication systems and by formal governance measures including a structure of corporate policies and authorities and responsibilities delegated from the Board to the Executive Management team.

The key methods by which the Board establishes the framework for providing effective internal financial control are as follows:

MANAGEMENT STRUCTURE

The organisation for which the Board has overall responsibility is governed by a set of Standing Orders, which reserves specific powers to the Board and delegates functions and powers to its Committees. The Board has delegated the responsibility to the Chief Executive for maintaining sound systems of internal control that supports the achievement of the organisation's objectives.

AUDIT COMMITTEE

As at 31 March 2010 the Audit Committee consisted of five Board members. Meetings are held quarterly and are attended by the Chief Executive, the Director of Finance and Business Services, the Company Secretary, the Head of Internal Audit and Risk and the External Auditors. The Board has delegated powers to the Audit Committee to approve the annual internal and external audit plans, reports and follow up reviews. In addition the Audit Committee reviews the risk management arrangements including the corporate risk register. The Audit Committee makes annual reports to the Board covering these issues.

FINANCE COMMITTEE

The Finance Committee was created and convened for the first time at GHA in December 2009. As at 31 December 2009 the Finance Committee consisted of five Board Members. The specific responsibilities of the Committee are to set out and oversee the annual budget process; set budget and business plan parameters; provide assurance to the Board that budget, business plan, and cash flows are aligned, and, to review GHA's Business Plan and provide assurance to the Board that the financial information therein is sound.

INTERNAL AUDIT

The Head of Internal Audit and Risk reports to the Chief Executive, with direct access to the Director of Finance and Business Services and the Chair of the Audit Committee. During the year the Audit Committee determined that the internal audit function required to deliver a comprehensive audit plan of c.1000 days. The bulk of the resource for Internal Audit is provided under a co-sourced contract by Deloitte Llp. This is managed by a Head of Internal Audit – a GHA retained role. This arrangement strengthens the management of the service.

The systems of internal control reviewed by internal audit in 2009-10 included core financial and non-financial systems. Internal audit has carried out its programme of work, as approved by the Audit Committee. The reports prepared to date noted a number of weaknesses in the system of internal control, all of which are being resolved. In addition action has been taken to improve the control framework, including monitoring the closure of internal audit recommendations and follow-up internal audit reviews.

SYSTEMS OF INTERNAL CONTROL

The key elements of the system of internal control are as follows:

- Regular meetings of the Board which has a schedule of matters which are specifically reserved for its approval and which are the subject of regular standard reports as required
- Arrangements under terms of reference for an Audit Committee of the Board to meet regularly and receive reports from management and internal and external auditors on the system of internal control, and to provide reasonable assurance that control procedures are in place and are being followed
- Arrangements under terms of reference for a Finance Committee of the Board to meet regularly and receive reports from Finance Management on the soundness of financial management, and to provide reasonable assurance prudent practices are in place and being followed
- An organisational structure to support business processes and with clear lines of responsibility
- An Internal Audit function with an annual internal audit plan and producing an annual internal audit report
- Adoption of a risk-based approach to internal control through evaluating the likelihood and significance of identified corporate risks, vesting responsibility for risk management and internal control with designated owners, and with an ongoing process of monitoring and reporting progress against the company's key risks established through the corporate risk management function
- A Business Plan and Budget supporting strategic and operational plans, financial targets, regularly revised forecasts, a comparison of actual with budget and with forecast on a quarterly basis, operating cash flow and variance statements, and key performance indicators, all of which are reviewed by the Board
- Measurement of financial and other performance against the Delivery Plan objectives and key performance indicators and targets.
- Monitoring by the Efficiencies Group of Value for Money objectives stated in the Chief Executive's Efficiency Statement. The Efficiencies Group is chaired by the Director of Finance & Business Services.

MANAGEMENT OF BUSINESS RISK

The Board is responsible for ensuring that business risk is managed jointly, with the Executive Management team, for identifying the major business risks faced by the organisation and for determining the appropriate course of action to manage those risks. The financial implications of major business risks are controlled by means of delegated authorities, which reserve significant matters to the Board for decision. Segregation of duties, levels of project approval and physical controls over access to assets and information are the responsibility of the Executive Management team.

CORPORATE RISK

The Board has continued to develop its risk management strategy and review the corporate risk register. A risk workshop was held in June 2009 to prepare the corporate risk register for the forthcoming year. This was used to inform the Internal Audit Plan for 2009-10. In February 2010 the Audit Committee approved the Annual Audit Plan covering the period to 31st March 2011 (note, in the year the audit plan was made synchronous with the financial year). The Internal Audit plan was supplemented with reviews of key financial systems and special exercises.

Throughout the year ended 31 March 2010 GHA has maintained a system of internal control, which includes an on-going risk management process for cascading the corporate risk register into the operational business and identifying, evaluating and managing the significant risks faced by the organisation. This process has been improved during the year.

MANAGEMENT INFORMATION SYSTEMS

Management Information Systems have been developed to provide information on the key areas outlined in the Business Plan and Delivery Plan. Business performance is reported monthly against key financial and non-financial targets. Management accounts comparing actual results against budget are presented to the Board monthly and to the Finance Committee quarterly. The organisation continues to broaden and develop the depth and detail of data required to assist management at all levels.

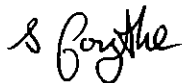
INVESTMENT APPRAISAL

Capital expenditure is specified in the Business Plan and regulated by a budgetary process and Scheme of Financial Delegation. For expenditure beyond specified levels or out with budget and plans, approval is required by Committee or the Board as appropriate.

QUALITY AND INTEGRITY OF PERSONNEL

The integrity and competence of personnel is ensured and maintained through formal recruitment processes and subsequent training and development initiatives. High quality personnel are an essential part of the control environment and the conduct and ethical standards expected are embodied within the organisation's stated aims and objectives.

On behalf of the Board



SANDRA FORSYTHE, CHAIR
27 August 2010

STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The group and parent financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent association and of the group's and the parent association's surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and the parent association and enable them to ensure that its financial statements comply with the Industrial & Provident Societies Acts 1965 to 2002 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GLASGOW HOUSING ASSOCIATION LIMITED

We have audited the financial statements of The Glasgow Housing Association Limited for the year ended 31 March 2010 which comprise the Group and Association Income and Expenditure Account, the Group and Association Balance Sheets, the Group Cash Flow Statement, the Group and Association Statement of Total Recognised Surpluses and Deficits, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the board and auditors

The Board's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Board's Responsibilities.

Our responsibility is to audit the financial statements in accordance with applicable law and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report, including the opinion, has been prepared for and only for the group and Association's members as a body in accordance with Section 9 (1) of the Friendly and Industrial and Provident Societies Act 1968 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In addition we report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the group and Association have not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Board Report and other information within the financial statements. We are not required to consider whether the Board's statement on internal control fairly represents the group's and Association's system of internal control, or to form an opinion on the effectiveness of the group's and Association's system of internal control. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and Association's affairs as at 31 March 2010 and of its surplus and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow
13th September 2010

**GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 MARCH 2010**

	Notes	2010 £ 000	Before exceptional items 2009 £ 000	Exceptional items 2009 £ 000	Total 2009 £ 000
Turnover	3	251,232	249,620	-	249,620
Operating costs	3	(216,886)	(219,759)	8,035	(211,724)
					-
Operating surplus / (deficit)	3	34,346	29,861	8,035	37,896
(Loss)/surplus on sale of fixed assets – housing properties	9	(8,803)	6,157	-	6,157
Interest receivable and similar income	10	84	1,800	-	1,800
Interest payable and similar charges	11	(8,596)	(3,585)	-	(3,585)
					-
Surplus / (deficit) on ordinary activities before taxation		17,031	34,233	8,035	42,268
Taxation on surplus / (deficit) for the year	12	(21)	129	-	129
					-
Surplus / (deficit) for the year	22	17,010	34,362	8,035	42,397
					-

**GROUP STATEMENT OF TOTAL RECOGNISED SURPLUSES AND
DEFICITS
FOR THE YEAR ENDED 31 MARCH 2010**

		2010 £000	2009 £000
Surplus for the year	22	17,010	42,397
Unrealised gain on revaluation of fixed assets	22	29,558	19,407
Actuarial loss on pension assets and liabilities	24	(52,448)	(16,015)
Total recognised surpluses and deficits for the year		(5,880)	45,789

**NOTE OF HISTORICAL COST INCOME AND EXPENDITURE FOR THE
YEAR ENDED
31 MARCH 2010**

	2010 £000	2009 £000
Reported surplus for the year	17,010	42,397

The notes on pages 34 to 58 form part of these financial statements.

**ASSOCIATION INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £ 000	Before exceptional items 2009 £ 000	Exceptional items 2009 £ 000	Total 2009 £ 000
Turnover	3	244,527	243,473	-	243,473
Operating costs	3	(210,283)	(213,140)	8,035	(205,105)
Operating surplus / (deficit)	3	34,244	30,333	8,035	38,368
(Loss)/surplus on sale of fixed assets – housing properties	9	(8,803)	6,157	-	6,157
Interest receivable and similar income	10	80	1,748	-	1,748
Interest payable and similar charges	11	(8,567)	(3,585)	-	(3,585)
Surplus / (deficit) on ordinary activities before taxation		16,954	34,653	8,035	42,688
Taxation on surplus / (deficit) for the year	12	-	-	-	-
Surplus / (deficit) for the year	23	16,954	34,653	8,035	42,688

**ASSOCIATION STATEMENT OF TOTAL RECOGNISED SURPLUSES AND
DEFICITS
FOR THE YEAR ENDED 31 MARCH 2010**

		2010 £ 000	2009 £ 000
Surplus for the year	23	16,954	42,688
Unrealised gain on revaluation of fixed assets	23	29,558	19,407
Actuarial loss on pension assets and liabilities	24	(52,448)	(16,015)
Total of recognised surpluses and deficits for the year		(5,936)	46,080

**NOTE OF HISTORICAL COST INCOME AND EXPENDITURE FOR THE
YEAR ENDED
31 MARCH 2010**

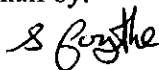
	2010 £000	2009 £000
Reported surplus for the year	16,954	42,688


The notes on pages 34 to 58 form part of these financial statements.

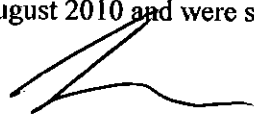
GROUP BALANCE SHEET AT 31 MARCH 2010

	<i>Notes</i>	2010 £000	2009 £000
Tangible fixed assets			
Housing properties	15	452,769	331,721
Other tangible fixed assets	16	29,810	29,824
		<u>482,579</u>	<u>361,545</u>
Debtors due after more than one year	17	514,852	669,797
Current assets			
Debtors due within one year	17	45,688	37,868
Short-term deposits		-	-
Cash at bank and in hand		28,330	20,190
		<u>74,018</u>	<u>58,058</u>
Creditors: amounts falling due within one year	18	(86,202)	(95,351)
Net current liabilities		<u>(12,184)</u>	<u>(37,293)</u>
Total assets less current liabilities		985,247	994,049
Creditors: amounts falling due after more than one year	19	(254,000)	(154,500)
		<u>731,247</u>	<u>839,549</u>
Provisions for liabilities and charges	20	(509,080)	(663,926)
Government grant	15	(1,080)	(1,104)
Net assets excluding pension liability		221,087	174,519
Pension liability	24	(55,959)	(3,511)
Net assets including pension liability		<u>165,128</u>	<u>171,008</u>
Capital and reserves			
Share capital	21	-	-
Revenue reserve excluding pension reserve	22	161,478	144,468
Pension reserve	22	(55,959)	(3,511)
Revenue reserve including pension reserve	22	105,519	140,957
Revaluation reserves	22	59,609	30,051
Consolidated funds		<u>165,128</u>	<u>171,008</u>

These financial statements were approved by the Board on 27 August 2010 and were signed on its behalf by:


Sandra Forsythe
Chair


Wilma Masterton
Board Member

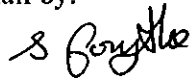

Gordon Moir
Secretary

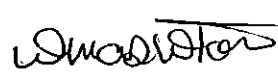
The notes on pages 34 to 58 form part of these financial statements.

ASSOCIATION BALANCE SHEET AT 31 MARCH 2010

	<i>Notes</i>	2010 £000	2009 £000
Tangible fixed assets			
Housing properties	15	452,769	331,721
Other tangible fixed assets	16	29,810	29,824
		<u>482,579</u>	<u>361,545</u>
Debtors due after more than one year	17	514,852	669,797
Current assets			
Debtors due within one year	17	44,369	36,591
Cash at bank and in hand		27,323	19,341
		<u>71,692</u>	<u>55,932</u>
Creditors: amounts falling due within one year	18	(84,422)	(93,715)
		<u>(12,730)</u>	<u>(37,783)</u>
Net current liabilities		(12,730)	(37,783)
Total assets less current liabilities		984,701	993,559
Creditors: amounts falling due after more than one year	19	(254,000)	(154,500)
		<u>730,701</u>	<u>839,059</u>
Provisions for liabilities and charges	20	(509,080)	(663,926)
Government grant	15	(1,080)	(1,104)
Net assets excluding pension liability		220,541	174,029
Pension liability	24	(55,959)	(3,511)
Net assets including pension liability		164,582	170,518
Capital and reserves			
Share capital	21	-	-
Revenue reserve excluding pension reserve	23	160,932	143,978
Pension reserve	23	(55,959)	(3,511)
Revenue reserve including pension reserve	23	104,973	140,467
Revaluation reserve	23	59,609	30,051
		<u>164,582</u>	<u>170,518</u>

Association's funds
These financial statements were approved by the Board on 27 August 2010 and were signed on its behalf by:


Sandra Forsythe
Chair


Wilma Masterton
Board Member


Gordon Moir
Secretary

The notes on pages 34 to 58 form part of these financial statements.

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	<i>Notes</i>	2010 £000	2009 £000
Net cash inflow from operating activities	27	<u>44,859</u>	<u>50,809</u>
Returns on investment and servicing of finance			
Right to buy and Second stage transfer proceeds	9	9,350	18,339
Payment to Glasgow City Council for their share of right to buy proceeds and payments to Second Stage transfer Organisations	9	(13,055)	(5,202)
Interest received	10	84	746
Interest paid	11	<u>(7,999)</u>	<u>(3,585)</u>
		(11,620)	10,298
Capital expenditure and financial investment			
Improvement of properties	15	(162,146)	(175,922)
Purchase of other fixed assets	16	(3,579)	(6,374)
Grants received	25	<u>55,216</u>	<u>59,765</u>
		(110,509)	(122,531)
Management of liquid resources			
Cash withdrawn from money market deposits	27	<u>-</u>	<u>102</u>
Financing			
Loan drawn down		72,350	70,500
Scottish Government Loan received	19	<u>12,500</u>	<u>12,500</u>
		84,850	83,000
Increase / (reduction) in net cash	27	<u><u>7,580</u></u>	<u><u>21,678</u></u>

The notes on pages 34 to 58 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 MARCH 2010

1. Legal status

The Glasgow Housing Association Limited (“GHA” or “the Association”) is registered under the Industrial and Provident Societies Act 1965 and is a housing association registered with the Scottish Government under the Housing (Scotland) Act 2001. The Association and its subsidiaries are referred to as “the Group”.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements of the Group and the Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice, Accounting by Registered Social Landlords Update 2008, issued by the National Housing Federation.

Whilst the Group and Association Balance Sheets show net current liabilities, the Group has in place a loan facility as explained in note 19 which allows the Group and Association to borrow sufficient funds to meet its current liabilities as they fall due. Accordingly the financial statements have been prepared on a going concern basis.

On 7 March 2003 the Association acquired, as part of a large scale voluntary transfer, the housing stock and a number of other related assets of Glasgow City Council. The acquisition was structured such that the Association paid a notional consideration of £25 million for the assets (this consideration was not based on a valuation of the assets being acquired) and received grant funding from the Scottish Executive of £368 million, payable in instalments over the next 10 years. The net effect of the transfer was therefore the acquisition of the assets, at their current value, and a remaining £343 million of grant income.

The excess of the purchase price over the fair value of the net assets acquired was £7 million. Under the recommendations of the SORP for business combinations and the requirements of FRS 10 Goodwill and intangible assets, this amount would have been classified as a fixed asset on the balance sheet and amortised over its estimated useful economic life. The Board, however, did not believe that this treatment presented a true and fair view of the nature of the large scale voluntary transfer as a whole, since they believed that the amount paid to the Council should be considered in substance as an adjustment to the grant receivable of £368 million. Consequently, the assets were included in the financial statements at their fair value and the grant receivable from the Scottish Executive was reduced to £361 million.

Basis of consolidation

The Group financial statements consolidate those of the Association and its subsidiary undertakings drawn up to 31 March 2010. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 2 - Accounting for subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010 (continued)

Turnover

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, revenue grants and other income. In respect of the group income and expenditure account, turnover also includes factoring income.

Grant income

Grant income received is matched with the expenditure to which it relates. Where grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is deducted from the cost of housing properties. Financial reporting standards require tangible fixed assets to be stated at purchase price, or valuation, less any provision for depreciation or diminution in value. However, this requirement conflicts with the generally accepted accounting principles for Registered Social Landlords (RSLs) set out in the Statement of Recommended Practice: Accounting by Registered Social Landlords (SORP 2008). The purpose of these capital grants is to subsidise the cost of social housing, and the income from properties is a function of net cost. Accordingly the Board considers it necessary to adopt the accounting treatment set out in the SORP to give a true and fair view.

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable.

Supported housing

Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation, except for staffing and running costs for which the level of expenditure is directly attributable.

Deposits and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

Pensions accounting policy

GHA participates in the Strathclyde Pension Fund ("the Fund"). The Fund is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. All existing and new employees have the option of joining the Fund. The Fund is a defined benefit one, providing benefits based on final pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of the Fund are held separately from those of the Association.

The Association accounts for its participation in the Fund in accordance with FRS 17 Retirement benefits'. The amendment to FRS 17 Retirement benefits has been adopted in these financial statements and the disclosures it requires have been presented for both the current and comparative period. The amendment to FRS 17 also requires that quoted securities are valued at their current bid-price rather than their mid-market value. No adjustment has been applied to the comparative figures as the Board considered the effect of this change not to be material to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010 (continued)

Pensions accounting policy (continued)

The Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Association's share of the Fund surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the Fund surplus / deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Valuation of housing stock

Housing properties in the course of construction are stated at cost and are not depreciated. Those properties are transferred to completed properties when they are ready for letting. Housing properties are valued on an Existing Use Value for Social Housing (EUV-SH) basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised repairs. Expenditure on schemes that are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Housing stock has been split into two streams of property for valuation purposes, namely housing retained for letting and demolition programme properties. This separation into categories is on the basis of the Association's 30 year Business Plan which identifies the core stock which will be the subject of the Association's investment expenditure going forward and the stock which forms part of the demolition programme until 2016, and consequently has limited investment expenditure attached to it.

Improvements to housing properties

The Association capitalises repairs and improvement expenditure on housing properties that results in an enhancement of the economic benefits of the asset.

Donated assets

All donated assets are separately disclosed. Properties donated from Glasgow City Council are valued at EUV-SH basis. The difference between the EUV-SH value and the transfer price is treated as a government grant. Government grants are written-off against the value of the asset over the estimated useful life of the asset being 50 years.

Commercial Properties

Commercial properties are stated at existing use value.

Depreciation

Depreciation is charged on all housing properties on a straight-line basis to write down the value of freehold properties, plus capital additions net of grants over their expected useful economic lives. The average life of GHA housing stock is estimated to be 50 years.

For other tangible fixed assets, depreciation is charged on a straight-line basis over the expected useful lives of fixed assets to write off the cost, or valuation, less estimated residual values at the following annual rates. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

Commercial properties	2%
Offices	2%
Furniture, fittings and office equipment	20%
Computer hardware and software	33.33%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

Capitalisation of development overheads

Staff costs that are directly attributable to bringing housing properties into working condition for their intended use are capitalised.

Provisions

The Association only provides for contractual liabilities and charges that exist at the balance sheet date.

Taxation

As a charity, GHA is exempt from corporation tax on its charitable activities by virtue of Section 505(1) Income & Corporation Taxes Act 1988 and from capital gains tax by virtue of Section 145 Capital Gains Tax Act 1979. A charge for taxation is made in GHA's subsidiary companies, based on their profit for the year. In accordance with FRS 19 Deferred Tax, full provision is made for all material timing differences.

Value Added Tax

The Association is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on refurbishment works expenditure included in the development works agreement with Glasgow City Council is substantially recoverable. Expenditure on these works is shown net of VAT.

Development Agreement

The Association has entered into agreements with Glasgow City Council whereby the undertaking of catch up repairs and improvement works remained with the City Council, with that obligation sub-contracted to GHA. The substance of these transactions is a debtor/prepayment balance with GCC offset by a provision of an equal amount that represents GHA's obligation to deliver the agreement. This has been shown in GHA's balance sheet. As work progresses, both amounts will be reduced by the appropriate amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

3. Particulars of turnover, operating costs and operating surplus / (deficit)

GROUP

	Turnover	2010	2009
		Operating Costs	Operating surplus/ (deficit)
	£ 000	£ 000	£ 000
Social lettings (note 4)	197,437	168,375	29,062
Other activities (note 5)	<u>53,795</u>	<u>48,511</u>	<u>5,284</u>
Total	251,232	216,886	34,346
Exceptional operating item – surplus on revaluation of housing stock	-	-	-
			8,035
Total after exceptional item	251,232	216,886	34,346
			37,896

ASSOCIATION

	Turnover	2010	2009
		Operating Costs	Operating surplus/ (deficit)
	£ 000	£ 000	£ 000
Social lettings (note 4)	197,437	168,375	29,062
Other activities (note 5)	<u>47,090</u>	<u>41,908</u>	<u>5,182</u>
Total	244,527	210,283	34,244
Exceptional operating item – surplus on revaluation of housing stock	-	-	-
			8,035
Total after exceptional item	244,527	210,283	34,244
			38,368

In accordance with its policy shown at note 2, GHA has stated its housing stock at the economic value for social housing which has been determined by an independent professional advisor. At 31 March 2010 this valuation was greater than the total of the opening value plus the historic cost of additions. The revaluation of £29.558m is recorded as a credit to the revaluation reserve account. In 2009, £8.035m was recorded as an exceptional credit to the Income and Expenditure account to reverse the deficit charged in the prior year with the balance being credited to the revaluation reserve.

	2010	2009
	£ 000	£ 000
Exceptional items credited to income and expenditure	-	8,035
Credited to revaluation reserve	-	22,964
Uplift on valuation	-	30,999

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

4. Particulars of turnover, operating costs and operating surplus from social letting activities

Group and Association

	General Needs £ 000	Supported Housing £ 000	2010 Total £ 000	2009 Total £ 000
Rent receivable net of service charges	192,635	3,097	195,732	197,701
Service charges	4,557	9	4,566	4,774
Gross income from rents and service charges	197,192	3,106	200,298	202,475
Less rent losses from voids	(2,816)	(45)	(2,861)	(3,327)
Net income from rents and service charges	194,376	3,061	197,437	199,148
Total turnover from social letting activities	194,376	3,061	197,437	199,148
Management and maintenance administration costs	95,097	1,528	96,625	90,944
Service costs	6,472	104	6,576	7,014
Planned and cyclical maintenance including major repairs costs	21,796	350	22,146	26,220
Reactive maintenance costs	32,305	519	32,824	37,710
Bad debts – rents and service charges	2,751	44	2,795	3,013
Depreciation of social housing	7,292	117	7,409	4,738
Operating costs for social letting activities	165,713	2,662	168,375	169,639
Operating surplus for social lettings	<u>28,663</u>	<u>399</u>	<u>29,062</u>	<u>29,509</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

5. Particulars of turnover, operating costs and operating surplus from other activities

Group

	Grants From Scottish Ministers £ 000	Other Revenue £ 000	Supporting People Income £ 000	Total Turnover £ 000	Total Operating Costs £ 000	2010 Operating Surplus /(Deficit) £ 000	2009 Operating Surplus /(Deficit) £ 000
Wider role activities to support the community	-	-	-	-	3,952	(3,952)	(4,392)
Factoring	-	7,419	-	7,419	6,603	816	667
Commercial Property	-	2,603	-	2,603	343	2,260	2,478
Support activities	-	-	1,971	1,971	2,415	(444)	151
Owners' improvement activities	-	24,425	-	24,425	19,248	5,177	(472)
Demolition activities	16,001	-	-	16,001	15,950	51	(88)
Other income	-	1,376	-	1,376	-	1,376	2,008
Total from other activities	16,001	35,823	1,971	53,795	48,511	5,284	352

Association

	Grants From Scottish Ministers £000	Other Revenue £ 000	Supporting People Income £ 000	Total Turnover £ 000	Total Operating Costs £ 000	2010 Operating Surplus /(Deficit) £ 000	2009 Operating Surplus /(Deficit) £ 000
Wider role activities to support the community	-	-	-	-	3,952	(3,952)	(4,392)
Other income - Gift Aid	-	714	-	714	-	714	1,139
Commercial Property	-	2,603	-	2,603	343	2,260	2,478
Support activities	-	-	1,971	1,971	2,415	(444)	151
Owners' improvement activities	-	24,425	-	24,425	19,248	5,177	(472)
Demolition activities	16,001	-	-	16,001	15,950	51	(88)
Other income	-	1,376	-	1,376	-	1,376	2,008
Total from other activities	16,001	29,118	1,971	47,090	41,908	5,182	824

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

6. Board members' emoluments

Board members received £1,143 (2009: £1,015) by way of reimbursement of expenses.

7. Executive directors' emoluments

	2010	2009
	£ 000	£000
Aggregate emoluments payable to directors (including pension contributions and benefits in kind)	1,256	785
Emoluments payable to the highest paid director (excluding pension contributions)	162	180

During the periods the directors' emoluments (excluding pension contributions) fell within the following band distributions:

More than £10,000 but not more than £20,000		1
More than £20,000 but not more than £30,000	1	
More than £40,000 but not more than £50,000	1	
More than £50,000 but not more than £60,000	1	
More than £60,000 but not more than £70,000	1	
More than £80,000 but not more than £90,000	1	
More than £90,000 but not more than £100,000		1
More than £110,000 but not more than £120,000	1	1
More than £120,000 but not more than £130,000	1	
More than £130,000 but not more than £140,000	2	2
More than £150,000 but not more than £160,000	1	
More than £160,000 but not more than £170,000	1	
More than £180,000 but not more than £190,000		1

The directors are defined for this purpose as the Chief Executive and any person reporting directly to the Chief Executive earning at the rate of over £60,000 per annum. Emoluments include relocation expenses where appropriate.

The directors are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff.

There have been a number of changes in the Senior Management Team during the year and changes in reporting lines of key individuals that is impacting on the above analysis. The number of Directors in each banding includes both the current and previous post holders which results in the analysis not being an actual representation of the Directors in post at the end of the Financial Year. The current post holders are detailed later in the financial statements. All payments to current and previous post holders are also included, which is affecting the level of overall emoluments

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

8. Employees

In the year to 31 March 2010, the full time equivalent number of employees of the Association, including executive directors, was 2,173 (2009: 2,034). All staff are employed by the Association with their costs being recharged to the subsidiary companies where appropriate.

	2010 £ 000	2009 £000
Staff costs (for the above persons)		
Wages and salaries	56,583	52,098
Social security costs	4,273	3,988
Employer's pension costs	6,440	5,159
	<u>67,296</u>	<u>61,245</u>
Staff costs capitalised	(3,831)	(3,632)
	<u>63,465</u>	<u>57,613</u>

9. (Deficit)/Surplus on sale of fixed assets – housing properties

This represents net income from the sale of properties under tenants' Right-to-Buy (RTB) entitlement and the second stage transfers (SST) to other Registered Social Landlords.

	2010 £ 000	2009 £000
Right-to-Buy		
Proceeds from disposal of properties	6,686	14,533
Value of properties disposed	(1,208)	(1,485)
Due to Glasgow City Council	(2,522)	(5,553)
	<u>2,956</u>	<u>7,495</u>
Second stage transfers		
Proceeds from disposal of properties	2,664	4,739
Value of properties disposed	(6,921)	(6,077)
Payments made to SST organisations	(2,902)	-
Payments made to SST organisations re prior year transfers	(4,600)	-
	<u>(11,759)</u>	<u>(1,338)</u>
(Deficit)/ Surplus on sale of fixed assets	<u>(8,803)</u>	<u>6,157</u>

10. Interest receivable and similar income

	2010 £000	2009 £000	2010 £000	2009 £000
	Group	Group	Association	Association
Bank interest receivable on deposits in the year	84	746	80	694
Net return on pension asset	-	1,054	-	1,054
Total	<u>84</u>	<u>1,800</u>	<u>80</u>	<u>1,748</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

11. Interest payable and similar charges

	2010 £000	2009 £000	2010 £000	2009 £000
	Group	Group	Association	Association
Bank interest payable	7,999	3,585	7,970	3,585
Net cost of pension liability	<u>597</u>	<u>-</u>	<u>597</u>	<u>-</u>
Total	<u><u>8,596</u></u>	<u><u>3,585</u></u>	<u><u>8,567</u></u>	<u><u>3,585</u></u>

12. Tax on surplus on ordinary activities

	2010 £000	2009 £000
	Group	Group
Corporation tax		
UK Corporation Tax on income for the year	221	1
Adjustments in respect of prior years	<u>200</u>	<u>(130)</u>
	<u><u>21</u></u>	<u><u>(129)</u></u>

The Association's charitable status means that no corporation tax is payable on its activities. Tax is payable on the profits from the activities of the subsidiary companies.

Factors affecting the tax charge for the current period

	2010 £000	2009 £000
	Group	Group
Current tax reconciliation		
(Loss) / profit on ordinary activities of subsidiary undertakings	77	(425)
	<u>77</u>	<u>(425)</u>
Current Tax at 28% (2009: 28%)	21	(119)
Effects of:		
Charitable donation against prior period liabilities	200	318
(Over) / under provision in prior year	(200)	(340)
Other items	-	11
Total current tax charge (above)	<u><u>21</u></u>	<u><u>(130)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

13. Auditors' remuneration

	2010 £000	2009 £000
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	60	68
Audit of financial statements of subsidiaries pursuant to legislation	17	15
Other services		
-in respect of loan compliance	50	69
-in respect of specialist advice	-	51

14. Financial commitments

Capital commitments

All capital commitments of the Group relate to the Association and were as follows:

	2010 £000 Association	2009 £000 Association
Expenditure contracted for, but not provided in the financial statements	35,472	28,006
Expenditure authorised by the Board but not contracted	134,951	150,546
	<u>170,423</u>	<u>178,552</u>

Operating leases

At 31 March 2010 the Group and Association had annual commitments under non-cancellable operating leases as follows:

	2010 £000 Land and Buildings	2010 £000 Other	2009 £000 Land and Buildings	2009 £000 Other
Operating leases that expire:				
Within one year	178	127	968	20
In the second to fifth years inclusive	147	29	147	156
Over five years	2,075	-	1,693	-
	<u>2,400</u>	<u>156</u>	<u>2,808</u>	<u>176</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

15. Tangible fixed assets - Housing Properties

	Core Stock £ 000	Donated assets £ 000	Housing under Construction £ 000	Total £ 000
Cost or Valuation				
At 1 April 2009	330,417	1,304	5,567	337,288
Additions	146,863	-	15,283	162,146
Disposals	(8,007)	-	-	(8,007)
Transfers	8,129	-	(8,129)	-
Revaluation	22,163	(38)	0	22,125
At 31 March 2010	499,565	1,266	12,721	513,552
Grants				
At 1 April 2009	-	-	5,567	5,567
Received / receivable for year	39,933	-	15,283	55,216
Transfers	8,129	-	(8,129)	-
At 31 March 2010	48,062	0	12,721	60,783
Depreciation				
At 1 April 2009	-	-	-	-
Charge for year	(7,383)	(26)	-	(7,409)
Revaluation	7,383	26	-	7,409
At 31 March 2010	0	0	-	0
Net Book Value At 31 March 2010	451,503	1,266	0	452,769
Net Book Value At 1 April 2009	330,417	1,304	-	331,721

The valuation of housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Association's demolition programme, as detailed in the Association's 30-year Business Plan for 2010-11. The demolition programme identifies 7,695 properties for demolition during the period until 2016, with no long term investment expenditure associated with these properties. Demolition programme stock has a negative valuation for accounting purposes, and so is held at £nil on the balance sheet as under FRS 12 there is no constructive obligation at the balance sheet date to provide for these costs.

Retained stock for letting has been valued at £452.8 million.

Housing Properties have been valued by DTZ Pidea, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors (RICS) to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2010 on an Existing Use Valuation for Social Housing (EUV-SH). A discount rate of 6.25% (2009: 6.5%) was used for retained stock and a rate of 7.5% (2009: 7.5%) for demolition stock. The valuation assumes no rental increase in 2010 and an increase of RPI + 1% in line with the Association's 30 year Business Plan (2010-11).

During 2007-08 GHA received 30 properties from GCC at nil cost. These properties were valued by DTZ Pidea at £1.266m as at 31 March 2010 on an EUV-SH basis. In line with our policy on donated assets the value of these properties has been treated as a government grant and written-off against the value of the asset across the economic life of the asset. The balance on the government grant account at 31 March 2010 was £1.080m.

74 units with a net book value of £nil (gross cost of £3.535m less reprovisioning grant of £3.535m) have been completed in the year and transferred to core stock. These have been re-valued under EUV-SH to £2.948m at 31 March 2010.

During 2009-10 GHA disposed of 204 properties to tenants under RTB entitlements. These properties were valued at £1.094m during the year.

The number of units of accommodation owned and managed (excluding unlettable voids) by the Association at 31 March 2010 is shown below:

	2010	2009
Social Housing		
General	59,224	60,894
Supported Housing	937	937
Total Social Housing	<u>60,161</u>	<u>61,831</u>

The housing valuation has been based on the number of houses held for letting, approved for demolition and planned for demolition as per the approved business plan as follows:

	2010	2009
Housing Properties		
Housing held for long-term letting	53,992	54,407
Housing approved for demolition	1,589	3,088
Housing planned for demolition	6,106	7,334
Total Units	<u>61,687</u>	<u>64,829</u>

The difference between total units and Total Social Housing is made up of unlettable voids mostly within the approved for demolition and planned for demolition categories.

Non adjusting post balance sheet events

In June 2010 a further 5 second stage transfers took place in line with the detailed Business Plan. These disposals realised £7.649m

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

16. Tangible fixed assets - other tangible fixed assets

Group and Association

	Commercial Properties	Furniture, fittings and equipment	Computer Equipment	Total
	£ 000	£ 000	£ 000	£ 000
Cost or valuation				
At 1 April 2009	22,105	8,337	13,253	43,695
Additions	-	729	2,850	3,579
Disposals	-	-	-	-
Revaluation	-	-	-	-
At 31 March 2010	<u>22,105</u>	<u>9,066</u>	<u>16,103</u>	<u>47,274</u>
Depreciation				
At 1 April 2009	(526)	(4,964)	(8,381)	(13,871)
Charge for year	(442)	(1,324)	(1,827)	(3,593)
At 31 March 2010	<u>(968)</u>	<u>(6,288)</u>	<u>(10,208)</u>	<u>(17,464)</u>
Net Book Value				
At 31 March 2010	<u>21,137</u>	<u>2,778</u>	<u>5,895</u>	<u>29,810</u>
At 31 March 2009	<u>21,579</u>	<u>3,373</u>	<u>4,872</u>	<u>29,824</u>

Commercial Properties were valued by an independent professional adviser, Ryden Property Consultants, on 31 March 2008 in accordance with the appraisal and valuation manual of the RICS. The Directors updated this valuation on 31 March 2009, eliminating £3.0m from the revaluation reserve. No further revision was considered appropriate in 2010.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

17. Debtors

Due after more than one year:

	2010 £ 000 Group	2009 £ 000 Group	2010 £ 000 Association	2009 £ 000 Association
Development agreement (note 2)	507,054	662,097	507,054	662,097
Due from subsidiary	-	-	7,350	7,700
Arrangement fees	7,350	7,700	-	-
Deferred Expenditure	448	-	448	-
Total	514,852	669,797	514,852	669,797

In accordance with the development agreement accounting policy, included in debtors is a balance of £507.5m (2009: £662.1m) in respect of the expected cost of the development work that Glasgow City Council has committed to undertake in order to refurbish the properties. The Council has sub-contracted the Association to carry out the programme of catch-up repairs to the residential accommodation as part of a development agreement. This balance is matched by a provision for the same amount, which reflects GHA's obligation to deliver these works. As work progresses both of these balances will be utilised when the work is actually undertaken.

Due within one year:

	2010 £ 000 Group	2009 £ 000 Group	2010 £ 000 Association	2009 £ 000 Association
Arrears of rent and service charges	11,987	11,951	11,987	11,951
Less: provision for bad and doubtful debts	(7,324)	(6,456)	(7,324)	(6,456)
	4,663	5,495	4,663	5,495
Other debtors	41,025	32,373	39,069	30,378
Due from subsidiary undertakings	-	-	637	718
Total	45,688	37,868	44,369	36,591

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

18. Creditors: amounts falling due within one year

	2010	2009	2010	2009
	£ 000	£ 000	£ 000	£ 000
	Group	Group	Association	Association
Amounts falling due within one year:				
Trade creditors and accruals	57,191	49,425	54,073	47,621
Rent and service charges received in advance	3,615	3,359	3,615	3,359
Salaries, wages, other taxation and social security	2,432	2,376	2,432	2,376
Corporation tax	221	208	-	-
Bank overdraft	1,030	470	1,030	470
Bank loans (note 19)	15,000	29,650	-	-
Right -to- Buy receipts due to Glasgow City Council (note 9)	2,522	5,553	2,559	5,553
Other creditors	4,191	4,310	3,665	3,649
Due to subsidiary undertakings	-	-	17,048	30,687
Total	86,202	95,351	84,422	93,715

19. Creditors: amounts falling due after more than one year

	2010	2009	2010	2009
	£ '000	£ '000	£ '000	£ '000
	Group	Group	Association	Association
Scottish Government Loan	75,000	62,500	75,000	62,500
Bank loans	179,000	92,000	-	-
Amount due to group company	-	-	179,000	92,000
Total	254,000	154,500	254,000	154,500

The Scottish Executive has made available £100.0m of contingent efficiencies grant over an eight year period. Under this agreement £75.0m (2009: £62.5m) has been received and is shown as an interest free loan. The amount is repayable in 2033-34.

Bank lending facility

A committed facility of £725.0m, secured on the Association's housing stock is available from a syndicate of banks. During the year an additional £72.4m was drawn down (2009: £70.5m) at an interest rate of 5.3% (2009: 5.9%).

The bank loans are secured over the whole of the housing stock, excluding new build properties completed since stock transfer in March 2003 and certain other properties of the parent company, The Glasgow Housing Association Limited. These bank loans are stated net of arrangement fees of £7.4m (2009: £7.7m) which are amortised in accordance with FRS 4.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

Creditors: amounts falling due after more than one year (continued)

Borrowings are repayable as follows	2010	2009
	£ '000	£ '000
In less than one year	15,000	29,650
In more than five years	179,000	92,000
	<u>194,000</u>	<u>121,650</u>
	<u><u>194,000</u></u>	<u><u>121,650</u></u>

20. Provisions for liabilities and charges

	Development Agreement	Insurance	Total
	£ '000	£ '000	£ '000
At 1 April 2009	662,098	1,828	663,926
Created in year	-	256	256
Utilised	(155,044)	(58)	(155,102)
	<u>507,054</u>	<u>2,026</u>	<u>509,080</u>
At 31 March 2010	<u><u>507,054</u></u>	<u><u>2,026</u></u>	<u><u>509,080</u></u>

Development Agreement

The provision represents the best estimate of the costs of contracted works for the repair of managed properties in 2003 less the cost of repairs carried out since that date. This agreement is part of the development agreement and as work progresses the provision will be utilised when the work is actually undertaken. It is matched by the prepayment detailed in Note 17.

Insurance

A provision has been made in respect of the excess arising on all outstanding insurance claims.

21. Share capital

	2010	2009
	£	£
Shares of £1 each issued and fully paid		
At 1 April	14	14
Issued during year	5	5
Surrendered during year	(6)	(5)
	<u>13</u>	<u>14</u>
At 31 March	<u><u>13</u></u>	<u><u>14</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

22. Reserves

Group	Revenue reserve £ 000	Revaluation reserve - core housing stock £ 000	Revaluation reserve - donated assets £ 000	Revaluation reserve - commercial properties £ 000	Total £ 000
Opening Balance at 1 April 2009	140,957	22,964	176	6,911	171,008
Surplus for the year	17,010	-	-	-	17,010
Revaluation during the year	-	29,546	12	-	29,558
Actuarial gain / (loss) in respect of pension provision	(52,448)	-	-	-	(52,448)
Closing balance at 31 March 2010	105,519	52,510	188	6,911	165,128

23. Reserves

Association	Revenue reserve £ 000	Revaluation reserve - core housing stock £ 000	Revaluation reserve - donated assets £ 000	Revaluation reserve - commercial properties £ 000	Total £ 000
Opening balance at 1 April 2009	140,467	22,964	176	6,911	170,518
Surplus for the year	16,954	-	-	-	16,954
Revaluation during the year	-	29,546	12	-	29,558
Actuarial gain / (loss) in respect of pension provision	(52,448)	-	-	-	(52,448)
Closing balance at 31 March 2010	104,973	52,510	188	6,911	164,582

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

24. Pensions

The Association participates in the Strathclyde Pension Fund which is administered by Glasgow City Council and is a defined benefit scheme. The assets of the scheme are held separately from those of the Association in investments under the overall supervision of the Fund Trustees. The latest full actuarial valuation was carried out at 31 March 2008 and was updated for FRS 17 purposes to 31 March 2010 by a qualified independent actuary. The next full actuarial valuation is due as at 31 March 2011. The average employer's contribution rate payable by the Association was 267.3% of the employees' rate until 31 March 2010.

The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	31 March 2010	31 March 2009
Discount rate	5.5%	6.9%
Expected rate of return on plan assets	7.2%	6.5%
Future salary increases	5.3%	4.6%
Inflation	3.8%	3.1%

In valuing the liabilities of the pension fund at 31 March 2010, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- o Current pensioner aged 65: 20.6 years (male), 23.9 years (female).
- o Future retiree upon reaching 65: 22.6 years (male), 25.0 years (female).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

	Value at 31 March 2010 £ 000	Value at 31 March 2009 £ 000
Present value of funded defined benefit obligations	(235,144)	(120,070)
Fair value of plan assets	179,185	116,559
Net liability	<u>(55,959)</u>	<u>(3,511)</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

Movements in present value of defined benefit obligation

	2010 £000	2009 £000
Opening defined benefit obligation	120,070	128,771
Current service cost	4,265	4,988
Past service cost	1,518	260
Interest cost	8,804	9,063
Loss on curtailment	3,843	423
Actuarial losses/(gains)	94,446	(23,191)
Contributions by members	2,534	2,055
Liabilities extinguished on settlements	(1,280)	-
Liabilities assumed in a business combination	3,274	-
Estimated benefits paid	(2,330)	(2,299)
	<hr/>	<hr/>
Closing defined benefit obligation	235,144	120,070

Movements in fair value of plan assets

	2010 £000	2009 £000
Opening fair value of plan assets	116,559	139,653
Expected return on plan assets	8,207	10,117
Actuarial gains / (losses)	39,081	(39,206)
Contributions by the employer	12,307	6,239
Contributions by the members	2,534	2,055
Assets distributed on settlements	(1,488)	-
Assets acquired in a business combination	4,315	-
Estimated benefits paid	(2,330)	(2,299)
	<hr/>	<hr/>
Closing fair value of plan assets	179,185	116,559

Expense recognised in the income and expenditure account

	2010 £000	2009 £000
Current service cost	4,265	4,988
Losses on settlements or curtailments	4,051	423
Past service cost	1,518	260
Interest on defined benefit pension plan obligation	8,804	9,063
Expected return on defined benefit pension plan asset	(8,207)	(10,117)
	<hr/>	<hr/>
	10,431	4,617
	<hr/> <hr/>	<hr/> <hr/>

The expense is recognised in the following line items in the profit and loss account

	2010 £'000	2009 £'000
Operating costs	216,886	211,724
Interest receivable and similar income	(84)	(1,800)
Net cost of pension liability	597	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is £52.448 million loss (£16.015 million loss, 2009).

Cumulative gains reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are losses of £35.980 million (£19.385 million gain in 2009).

The fair value of the plan assets and the return on those assets were as follows

	2010 £000	2009 £000
Equities	137,972	85,088
Corporate bonds	23,294	18,649
Property	12,543	9,325
Cash	<u>5,376</u>	<u>3,497</u>
	179,185	116,559
Actual return on plan assets	47,373	(29,679)

History of experience gains and losses

	2010 £000	2009 £000	2008 £000	2007 £000
Balance Sheet				
Present value of scheme liabilities	(235,144)	(120,070)	(128,771)	(148,395)
Fair value of scheme assets	179,185	116,559	139,653	136,808
Surplus / (deficit)	<u>(55,959)</u>	<u>(3,511)</u>	<u>10,882</u>	<u>(11,587)</u>
	2010 £000 / %	2009 £000 / %	2008 £000 / %	2007 £000 / %
Experience Adjustments				
Experience adjustments on scheme liabilities £000	7	11,500	2	(56)
Experience adjustments on scheme liabilities %	0.0	9.6	0.0	0.0
Experience adjustments on scheme assets £000	39,081	(39,206)	(14,228)	103
Experience adjustments on scheme assets %	21.8	(33.6)	(10.2)	0.1

Comparative information is only shown to 2007 as the Association accounted for its participation in the Strathclyde Pension Fund on a defined contribution basis until 31 March 2007. A change in circumstances effective at that date resulted in the Association applying defined benefit accounting in full from 31 March 2007.

GHA expects to contribute approximately £6.438 million to its defined benefit plans in the next financial year.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

25. Scottish Government and other grants

The Scottish Government has made available a secured repayable grant of £366m receivable over 10 years. The grant is subject to a number of specified conditions. These conditions were revised on 1 April 2009 to make the grant repayable under certain circumstances. If GHA delivers all commitments to tenants made at the time of transfer in March 2003, and meets the performance standards of the Regulator by 31 March 2015 then no grant will be repayable. In the opinion of the Board, it is improbable that this grant will be repaid, and accordingly no provision for repayment of the £292.2m received to date has been made in these financial statements.

Additionally, the Scottish Government has made available to the Association a further £100m of Contingent Efficiencies Grant receivable over an eight year period from 2004-05. £75.0m has been received up to the 31 March 2010 and is shown as a loan (note 19).

A list of Scottish Government Grants and loans receivable for the year is given in the table below:

Grants & Loans	2010	2009
	£000	£000
Scottish Government Grants (Capital)		
Secured Repayable grant	35,700	34,800
Reprovisioning grant	15,283	21,981
Total Scottish Government Capital Grants	<u>50,983</u>	<u>56,781</u>
Other Capital Grants		
Energy Efficiency	<u>4,233</u>	<u>2,984</u>
Total Capital Grants	55,216	59,765
Scottish Government Revenue Grants		
Demolition grant	16,272	13,479
Scottish Government Loan		
Contingent Efficiency	<u>12,500</u>	<u>12,500</u>
Total	<u>83,988</u>	<u>85,744</u>

The government grants of £1.080m on the group and association balance sheet relates to the value of properties donated by Glasgow City Council in 2007.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

26. Related party transactions

During the year and the previous year the tenancies held by tenant Board members were held on normal commercial terms and they are not able to use their position to their advantage.

The Association retains a register of members' interests. The following interests in related parties require to be declared.

GHA has agreed Remodelled Management Agreements with Local Housing Organisations (LHOs). A number of current Board members serve on the boards of LHOs which have a transactional relationship, in line with FRS 8 "Related party disclosures", with GHA as detailed below:

Sandra Forsythe	Tower Homes
Wilma Masterton	Clydeside Tenant Partnership
John Grant	Mosspark Housing Association
Gordon Sloan	Keystone Tenant Managed Homes
Robert McCormick	Compass LHO
Kate Willis	Castlemilk LHO

No related party transactions took place in the year or in 2009 for these LHO's.

During the year GHA held nomination rights to a directorship of Scotcash CIC. These rights allow GHA to nominate up to two directors to the board of Scotcash with Peter Denheen nominated onto the board during the year. During the year GHA made no payments to Scotcash (2009: £110,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

27. Cash Flow Analysis

Reconciliation of surplus / (deficit) to net cash inflow from operating activities	2010	2009	
	£000	£000	
Surplus from operating activities	34,346	37,896	
Depreciation charges	11,352	8,327	
(Increase) /decrease debtors	(7,372)	11,046	
Increase in creditors and provisions	6,557	2,167	
Exceptional operating item – surplus on revaluation	-	(8,035)	
Release of government grant	(24)	(24)	
Pensions costs less contributions payable	-	(568)	
Net cash inflow from operating activities	<u>44,859</u>	<u>50,809</u>	
Reconciliation of net cash flow to movement in net debt	2010	2009	
	£000	£000	
Net funds at 1 April	(164,780)	(103,356)	
Increase in cash in the year	8,140	10,803	
(Increase) /reduction in overdraft	(560)	10,875	
Reduction in deposits	-	(102)	
Cash inflow from debt due within one year	(15,000)	(16,000)	
Cash inflow from debt after more than one year	(69,500)	(67,000)	
Net debt at 31 March	<u>(241,700)</u>	<u>(164,780)</u>	
Analysis of changes in net debt	At 1 April	Cashflow	At 31 March
	2009		2010
	£000	£000	£000
Cash at bank and in hand	20,190	8,140	28,330
Overdraft	(470)	(560)	(1,030)
Movement in cash	<u>19,720</u>	<u>7,580</u>	<u>27,300</u>
Deposits	-	-	-
Debt due within one year	(30,000)	15,000	(15,000)
Debt due after more than one year	<u>(154,500)</u>	<u>(99,500)</u>	<u>(254,000)</u>
Net debt	<u>(164,780)</u>	<u>(76,920)</u>	<u>(241,700)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (continued)**

28. Subsidiary and associated undertakings

The Association has two subsidiaries – The Glasgow Housing Association (Funding) Limited (GFL) and GHA (Management) Limited (GHAM), both private limited companies. The Association owns the whole issued share capital of all subsidiary undertakings. The objects of GFL include the provision of finance to registered social landlords. GHAM delivers factoring services to homeowners.

The results of Scotcash CIC have not been consolidated as an associate undertaking into these accounts as they are not material to GHA's operations.

29. Contingent liability

Under the terms of an agreement with Glasgow City Council, in the event of the Association's commercial property assets being sold, the proceeds are subject to a claw back agreement which provides for up to 80% of the consideration being due to Glasgow City Council.

SUPPLEMENTARY INFORMATION

Secretary and Registered Office

Gordon Moir
Granite House
177 Trongate
Glasgow G1 5HF

Auditors

PwC LLP
141 Bothwell Street
Glasgow G2 7EQ

Bankers

Royal Bank of Scotland
Glasgow Corporate Office
100 West George Street
Glasgow G2 4QS

Bank of Scotland
2 Redheughs Rigg
South Gyle
Edinburgh EH12 9DQ

Lloyds TSB Scotland plc
Henry Duncan House
120 George Street
Edinburgh EH2 4LH

Members of Loan Syndicate

Royal Bank of Scotland
Glasgow Corporate Office
100 West George Street
Glasgow G2 4QS

Bank of Scotland
2 Redheughs Rigg
South Gyle
Edinburgh EH12 9DQ

Abbey National Treasury Services
2 Triton Square
Regent's Place
London NW1 2AN

European Investment Bank
100 Boulevard Konrad
Adenauer L-2950
Luxembourg

Nationwide
Queen's House
Floor 3
29 St Vincent Street
Glasgow G1 2DT

Lloyds TSB Scotland plc
Henry Duncan House
120 George Street
Edinburgh EH2 4LH

BOARD MEMBERS AND EXECUTIVE TEAM INFORMATION

Sandra Forsythe MBE, Chair

Re-Elected as Chair in 2009, Sandra has been a tenant Board member since 17 December 2004.

Sandra has been involved in Glasgow's housing since 1991, having started her career with Glasgow City Council. Sandra's significant contribution to social housing was recognised when she was awarded an MBE for services to social housing as well as being the winner of the EVH Scottish Housing Committee member of the year for 2008.

She is a member of GHA's Appointments & Appraisals, Operations, and Business Transformation Committees.

Alastair Dempster CBE, Vice Chair

First appointed as an independent Board member on 3 May 2002 and reappointed on 19 September 2005, 17 October 2008 and 9 September 2009.

A Fellow of the Chartered Institute of Bankers, Alastair has extensive experience as a banker including as Chief Executive of Lloyds TSB Bank Scotland plc. He was formerly Chair of Sportscotland and the Scottish Community Foundation.

He is Chair of the Board of GHA (Funding) Ltd, Chair of GHA's Finance, and Appointments & Appraisals Committees and a member of the Audit Committee.

Alastair MacNish OBE

Alastair was appointed to the Board on 17 August 2009.

Alastair has extensive senior experience in the public sector, having previously been the first Chief Executive of South Lanarkshire Council and Chairman of the Accounts Commission for Scotland and of Audit Scotland.

Alastair is Chair of the Audit Committee, a member of the Finance, and Business Transformation Committees and a Director of GHA (Funding) Ltd.

Keith Kintrea

Keith Kintrea joined the Board in September 2006 as an independent member and was reappointed on 9 September 2009.

Keith is a senior lecturer at the University of Glasgow and has written widely on housing, housing policy and regeneration.

He is Chair of GHA's Business Transformation Committee and a member of the Regeneration, and Appointments and Appraisals Committees.

Ian Wall

Ian was appointed as an independent Board member on 17 October 2008 and reappointed on 9 September 2009.

Ian has an extensive background in regeneration and recently retired as Chief Executive of the EDI Group. He is an Honorary Fellow of the Royal Institute of Architects Scotland, a Fellow of The Royal Institution of Chartered Surveyors and is currently Chair of the Scottish Urban Regeneration Forum (SURF) and a Director of Shelter UK.

Ian is Chair of GHA's Regeneration Committee and a member of the Business Transformation Committee.

Liz Walford

Liz was appointed to the Board on 17 August 2009.

Liz has a significant experience in housing and governance, having recently retired as Group Chief Executive of Walsall Housing Group and served at Board level in various not-for-profit organisations.

Liz is the Chair of GHA's factoring subsidiary YourPlace, which previously traded as GHAM, a Director of GHA (Funding) Ltd and is a member of the Audit and Finance Committees.

Wilma Masterton

Wilma was elected to the Board in September 2006 and reappointed on 9 September 2009.

Wilma has been a tenant activist for over 30 years and was the founder member of Clydeside Tenant Partnership. She was previously a tenant member of the GHA Board for 11 months between 12 May 2000 and 27 April 2001.

Wilma is Chair of GHA's Operations Committee and a member of the Regeneration Committee and of the Board of YourPlace, which previously traded as GHAM.

John Grant

John was elected to the Board in September 2008.

John is currently Chair of Mossbank Housing Association and adds a strong role on a variety of local steering groups and the Registered Tenant Organisation Federation.

John is a member of GHA's Operation Committee.

Gordon Sloan

Gordon was appointed as a 'casual' Board member in March 2009 and elected on 9 September 2009.

Gordon has previously served as the Chair of the independent review panel for Greater Glasgow Health Board and as a member of the RSSPCC Executive Board.

Gordon is a member of the Operations and Business Transformation Committees and a Director of GHA (Funding) Ltd.

Robert McCormick

Robert was elected to the Board on 9 September 2009.

Robert is currently Chair of Compass LHO and has served on various local steering and action groups representing tenants.

He is a member of the Operations and Regeneration Committees.

Kate Willis

Kate was elected to the Board on 9 September 2009.

Kate is the Chair of Castlemilk LHO and also serves on her local Registered Tenant Organisation.

Kate is a member of the Audit and Finance Committees.

Councillor James Dornan

James was nominated by Glasgow City Council on 3 September 2009.

James is the Leader of the SNP party and member of the Glasgow City Council Executive Committee.

James is a member of the Finance, Audit, and Business Transformation Committees.

Councillor Philip Braat

Philip was nominated by Glasgow City Council on 3 September 2009.

Philip is a qualified lawyer and a member of the Law Societies of Scotland and England & Wales.

Philip is a member of the Operations and Regeneration Committee.

EXECUTIVE TEAM

Martin Armstrong, Chief Executive

Martin joined GHA in January 2008 as Director of Housing and Customer Services from West Lothian Council where he was Director of Customer Support. Through his 18-year career, Martin has worked in housing departments across the UK, from southern England to Moray Council in the north of Scotland. Martin holds a BSc (Hons.) degree in Social Administration and Housing Management from the University of Ulster. Martin took over as Chief Executive in September 2009.

Mark Logan, Executive Director of Finance and Business Services

Mark, a Chartered Accountant, joined GHA in October 2009 from West of Scotland Housing Association where he worked, initially as Director of Corporate Services and latterly as Deputy Chief Executive. Prior to that he was Assistant Director of Housing and Regeneration at Ernst & Young for six years where he provided support to clients across the UK, including large local authorities and housing organisations. Mark, a graduate of Strathclyde University, has a wealth of experience in stock transfer and second stage transfer.

Alex McGuire, Acting Executive Director of Housing and Customer Services

Alex joined GHA in April 2008. Prior to stepping up to the role of Acting Executive, he was responsible for the city wide capital investment and revenue repairs and maintenance programmes. Alex came to GHA from West Lothian Council where he worked as a manager in Housing Strategy. He was also responsible for the creation and running of West Lothian Housing Partnership - which improved the choice and quality of homes available to tenants in the area.

Gordon Moir, Company Secretary

Gordon joined GHA in November 2009. Between 1999 and 2009, with BT, he worked on myriad legal, commercial and regulatory matters, including the creation of a new regulatory regime in New Zealand, as well as establishing one of the most respected legal teams in the sector. As well as being General Counsel to the Retail Division, he was also responsible for running BT's global regulatory and anti-trust law teams. Gordon is a graduate of Aberdeen University and has a Masters in Advanced European Law from the College of Europe in Belgium. After graduating he went on to work in Glasgow, Brussels and London before a brief stint at the European Court of Justice. He then moved to Ashurst Morris Crisp in London and has written and presented extensively on legal and regulatory matters.

Peter Denheen, Executive Director of Human Resources

Peter joined GHA in February 2009 from RMJM Architectural practice. In addition to sitting as a member of the Employment Tribunals for over 12 years, Peter has also held a number of senior HR roles in various blue chip organisations spanning over 25 years, these include Rolls Royce, BA, Grandmet, NCR, Ernst and Young and Royal Liver. Peter is a Fellow of the Chartered Institute of Personnel Development and holds a Masters Degree in Law.

Jim Sneddon, Executive Director of Regeneration

A qualified architect, Jim joined GHA in June 2008 from the London Thames Gateway Corporation where he was Director of Development. Throughout his 30 year career Jim has sat on the Inner Cities Committee which advised government on inner city issues and advised HRH the Prince of Wales on community architecture. He has also worked as one of the founding directors of Grantchester Group plc, which rapidly grew to become one of the largest out-of-town retail developers in the UK.