



REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2014

The Glasgow Housing Association Limited

(Co-operative and Community Benefit Society No. 2572RS)

(Scottish Housing Regulator Registration No. 317)

(Scottish Charity No. SC034054)

CHAIR'S REPORT

Tenant participation is at the heart of everything GHA does and this year we redoubled our efforts to give tenants a greater say.

GHA is firmly rooted in the communities we serve and committed to delivering *'better homes, better lives and a better Glasgow'*.

Our dedicated staff work locally with tenants to create homes and communities people feel proud to live in. We are constantly reviewing the services we provide and looking at how we can deliver more and better opportunities to help our customers get on in life.

This year we completed 248 new homes in Glasgow and work is under way on 614 more. Many of these are being built in sites identified as priority Transformational Regeneration Areas (TRAs) and are part of a partnership 'Transforming Communities: Glasgow' involving Glasgow City Council and Scottish Government.

We've made great strides in delivering safer communities via our ground-breaking partnership that sees police and fire officers work closely with our housing officers. We were able to report earlier this year that we'd had no accidental fire deaths in our properties for over two and a half years as a result of the Community Improvement Partnership.

We set up new forums to complement our 28 local committees and three Area Committees and saw our followers on Facebook increase to almost 10,000.

Our commitment to customer satisfaction was recognised by tenants and it's a great achievement; we exceeded 90% overall customer satisfaction for the first time.

In recognition of our work, GHA won a prestigious EFQM award for "Leading with Vision, Inspiration and Integrity" as well as the Chartered Institute of Housing's award for "Business Transformation of the Year".

All in all, another busy but productive year at GHA as we continued our work to make homes and lives better.

Gordon Sloan
Chair of Glasgow Housing Association Board

OPERATING REVIEW

The directors present their annual report and the audited financial statements for the year to 31 March 2014.

Principal activities

The Glasgow Housing Association Limited ("GHA" or "the Association") is a wholly owned subsidiary of The Wheatley Housing Group ("WHG"). The Association is registered under the Co-operative and Community Benefit Societies Act 2014 No.2572RS and is a registered Scottish charity No.SC034054. The principal activities are the provision and management of affordable rented accommodation.

The Association is Scotland's largest social landlord with 42,000 affordable homes to let in Glasgow, firmly rooted in its local communities. It has a network of local offices and a skilled, committed workforce of 1600 staff, who deliver sector-leading frontline services.

Its ambition is to create 'Better Homes, Better Lives, a Better Glasgow' by working with tenants locally to provide homes and communities residents can be proud to live in and by helping the people it serves access jobs, training, education and other opportunities.

Business review

New-build homes

A total of 248 new homes were built and full go-ahead was given to start work on 614 more. In total GHA has now completed 1,079 homes and is on track to deliver thousands more.

Homes were completed in Duke Street/High Street near the city centre, Capelrig in the South Side, Gallowgate and Conisborough Road in Easterhouse.

Work has now started on 141 homes in Sighthill, 100 in Toryglen and 157 in Barmulloch. All three sites are in Transformational Regeneration Areas (TRAs) – areas of the city which have been identified as priorities for regeneration. GHA is working in partnership with Scottish Government and Glasgow City Council to deliver these large-scale regeneration projects.

Tenant Margaret Thomson, swapped her flat in Sighthill for her new home in Duke Street last November.

Margaret, 65, said: "I lived in Sighthill for 44 years and brought my children up there. Some of my new neighbours are from Sighthill so that helps. I love my new home. It's much warmer, there are no draughts and the rooms are much bigger. The location is great too – I'm out and about in town more than I ever was before."

Home improvements

With our £1.2billion programme to modernise 70,000 former council homes complete, our focus is now turning to making sure our homes remain warm and comfortable well into the future. This includes replacing windows, heating systems, boilers, kitchens and bathrooms as they reach the end of their lifespan. This year we invested £63.2million in home improvements.

We delivered:

- 478 central heating systems
- 1084 new bathrooms
- 1096 new kitchens.

We also overclad 443 homes, reroofed 473 and rewired 1093.

A total of 95% of our homes now reach Scottish Housing Quality Standard (SHQS).

OPERATING REVIEW (continued)

Safer communities

Our ground-breaking community safety partnership is saving lives by helping vulnerable tenants reduce the risk of fire in their homes.

There have been no accidental fire deaths in GHA properties for over two and a half years.

Before the introduction of the Community Improvement Partnership (CIP), GHA experienced an average of seven fire deaths a year in its homes, with 57 fire deaths between 2003 and 2011.

The CIP sees GHA, Scottish Fire and Rescue Service and Police Scotland work side by side to keep GHA neighbourhoods safe. A team of 15 police officers and a Watch Commander from the fire service are seconded to work with us. Housing Officers identify people whose lifestyles put them at risk of having a fire in their home and then work with the fire service to help the tenant introduce ways to keep safe.

Fear from anti-social behaviour among tenants has been reduced by seven percentage points and there has been an increase of six percentage points in the number of tenants who feel safe in their community after dark.

Jobs and training

GHA continued to push ahead with its mission to help people from its communities into jobs and training. Over the past year we created 147 new training places for people in GHA homes through our Community Janitors scheme and our Modern Apprenticeships. We also supported 105 people from our homes into employment through our employability schemes and clauses in our contracts. In addition, 60 GHA customers landed jobs or training through Wheatley Pledge, our new Group-wide initiative to encourage our contractors and suppliers to do more to help people in our communities.

Daniel Horsfield, 18, lives in a GHA home in Knightswood and is an apprentice joiner with City Building. He said: "It's great. You learn while you earn. It makes you more independent, more able to do things for yourself – and it means you're contributing to society too."

Digital inclusion

GHA is challenging historically low levels of broadband take-up among social housing tenants in Glasgow and this year launched a number of projects to help tenants get online.

Working with the Scottish Government, BT, Power Ethernet and other partners, we carried out pilot projects in Pollok and Knightswood which saw tenants in tenement flats and in a multi-storey block given a computer and broadband access. Our ultimate aim is to find a way of providing affordable internet access in all our homes for social rent.

A ground-breaking partnership with Glasgow Kelvin College has also created 24 'Click & Connect' computer learning centres to help tenants get online.

A great start for younger people

We also introduced projects to help younger people get on in life. This included supporting 347 GHA tenants or people in their families through their college and university studies through Better Futures bursaries of up to £1,500.

We also worked with pupils from St Roch's in Royston and Smithycroft Secondary in Riddrie to help them gain a CIH Level 2 Community Action in Housing qualification and supported young people through a range of youth projects in local areas. One example in the South Side saw 14 people offered training for careers in fitness – from zumba and yoga to outdoor fitness. The project was a partnership with Glasgow Life and will see the young people provide free training sessions to others in their community.

OPERATING REVIEW (continued)

Supporting people through tough times

Welfare reform together with the on-going economic climate has left many of our customers struggling to make ends meet. We have supported them in a wide range of ways over this year including:

- working with others in Wheatley to launch a new furniture recycling scheme which has seen 182 GHA tenants get help to furnish their home
- launching a pilot 'Eat Well' project in the east end of Glasgow which gives people in real need free deliveries of surplus supermarket food and support to get their finances back on track
- offering tailored benefits and money advice through our team of specialist advisors
- providing fuel advice to help tenants cut the costs of heating their home.

Alan Popowicz, 48, a British Army veteran with the Royal Signals Corp, had no furniture when he moved into a GHA home. He said: "Thanks to the Home Comforts service, I now have a sofa, a wardrobe, table and chest of drawers. It really helped me get started in my new home. When you haven't got anything, anything you do get means so much."

Extra help for older people

We know our older people can often need a bit of extra support to live independently. Our Handyperson services continued to prove popular, with 1495 people accessing the free service in the past year. Tenants over 60 and those with a disability get odd jobs done around the home such as putting up shelves, hanging curtains or changing plugs.

More than 300 people over 60 took part in fitness and arts and crafts classes through Silver Deal Active. The classes are delivered in partnership with Glasgow Life and Glasgow City Community Health Partnership and run in sheltered housing complexes and community venues.

We carried out 4,483 free WinterReady home checks for our older tenants to make sure their home was in good shape to deal with the cold weather. The home check is carried out by a plumber who tests the boiler, pipes and taps and bleeds the radiators.

Legacy projects

GHA played its part in helping create a legacy for the people of Glasgow from the 2014 Commonwealth Games.

We supported a range of projects designed to involve local people in the buzz of the games and encourage them to lead more active lives. This included The FARE Mini Olympics for 920 primary pupils from the East End and the Gold Medal Programme which provided funding for sport or cultural projects in schools and nurseries.

Tenant engagement

We redoubled our efforts to give more tenants a real say in shaping what happens in their communities. GHA has 28 Local Housing Organisation committees across Glasgow and three Area Committees – all led by tenants. But we know sitting on committees doesn't work for everyone. New forums for minority groups were established including a Polish Forum, an African Forum and a Deaf Forum. Our new Scrutiny Panel also gives tenants a hands-on role in assessing how we deliver our services. Our GHA Facebook page is now followed by nearly 10,000 people and gives customers, particularly younger people, another effective way to communicate with us or pass on feedback.

OPERATING REVIEW (continued)

Area Committees

Our Area Committees, made up of tenants and other local representatives, took decisions about what their communities needed to make them better places to live. Each of the three committees, in the North East, North West and South, had £1.5million to spend on environmental projects they identified as priorities. Projects ranged from replacing fencing and paths to creating new community gardens and allotments.

They also supported local grass-roots projects through their £150,000 Community Funds.

Customer satisfaction and how we did

GHA exceeded 90% overall customer satisfaction for the first time.

Other highlights in performance included:

- More than 90% of anti-social behaviour cases were resolved in full and to agreed timescales
- 95% of repairs right first time
- 87% customer satisfaction with repairs

However satisfaction with the way we handled complaints was low and this is an area we will focus on in the year ahead.

Awards

It was a great year for GHA in gaining external recognition for the work we do.

We won one of Europe's most prestigious prizes for business excellence and a top UK award for our staff campaign, "Think Yes".

The European Foundation for Quality Management (EFQM) recognised GHA as an international industry leader with a track record of continuous improvement, awarding GHA the "Leading with Vision, Inspiration and Integrity" prize at the 2013 EFQM Finals in Austria.

We won the award for "Business Transformation of the Year" for the ground-breaking "Think Yes" staff campaign at the UK Housing Awards, organised by the Chartered Institute of Housing to recognise excellence across the housing sector.

There was more success for GHA at the Association of Gas Safety Managers' inaugural Gas Safety Awards, where we won the award for "Gas Safety Initiative of the Year" and "Safety / Training Skills Initiative".

Independent auditors

The directors appointed PricewaterhouseCoopers LLP to act as auditors of the financial statements for the year ended 31 March 2014. In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors is to be proposed at the forthcoming Annual General Meeting of The Glasgow Housing Association Limited.

FINANCIAL REVIEW

Income

Turnover (excluding profit on sale of fixed assets and interest received) for the year ended 31 March 2014 totalled £166.8m for the Association (£168.7m, 2012-13). Over 90% of this, or £150.8m, was generated through net rental income (88% or £149.2m, 2012-13). The remainder of turnover came, in the main, from:

- £3.4m of income in relation to homeowners' payments for improvements made to their homes (£3.4m, 2012-13).
- £2.0m of rental income from commercial properties (£2.5m, 2012-13).
- £2.0m of income donated via the gift aid scheme from two of the commercial companies within the Wheatley Housing Group; GHA (Management) Ltd trading as YourPlace and Lowther Homes Limited (£0.8m, 2012-13).

Other income received by the Association in the year included:

- £43.0m from Scottish Government and other grants (£43.7m, 2012-13) including £4.6m of demolition grants (£7.9m, 2012-13). The demolition grants were exhausted in the first half of 2013-14.
- Sales proceeds under Right-to-Buy legislation which totalled £4.1m (£3.5m, 2012-13).

Expenditure

Operating costs in the year totalled £177.6m (£173.1m, 2012-13), largely comprising of the following:

- Management and maintenance administration costs associated with social letting activities totalling £48.5m (£55.8m, 2012-13).
- £29.4m of reactive maintenance costs to our social letting properties (£27.6m, 2012-13).
- £23.7m of planned and cyclical maintenance costs including major repair costs to improve our social housing properties (£21.8m, 2012-13).

At the balance sheet date, GHA had rent arrears of £9.6m offset by bad debt provisions of £3.5m (£10.7m and £4.0m respectively, 2013).

Investment in customers' homes

The Association spent £63.2m during the year investing in improvements to tenants' homes (£78.0m, 2013). The value of housing stock at the 31 March 2014 is £965.4m, a rise of 32% from last year's value (£729.8m, 2013).

Liquidity

The Association's short-term liquidity has improved in the year to show net current liabilities of £5.9m (£7.4m, 2013). Creditors falling due after more than one year has increased to £654.6m at the balance sheet date (£582.3m, 2013). This movement relates primarily to the additional bank loans required to fund investments in tenants' homes and new build activities.

Going concern

Whilst the Balance Sheet shows net current liabilities, a loan facility is in place as explained in note 18 which allows the Association to borrow sufficient funds to meet its current liabilities as they fall due. There are therefore no material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern.

FINANCIAL REVIEW (continued)

Capital structure and treasury policy

The Association's activities are funded on the basis of a Business Plan which is updated annually. The main elements of our 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 allows GHA to borrow up to £700m and is to be fully repaid by 2040. The debt is progressively paid off following completion of the capital investment programme and is projected to be fully repaid by 2040/41.

The Business Plan assumed total capital grants and loan from the Scottish Government of £470m from the date of transfer. These grants and loans were originally assumed to be repayable in 2040. It was agreed with the Scottish Government during the year that an element of this, being the £370m secured repayable grant would be written off, based on GHA's achievement of certain performance objectives.

GHA manages 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. We regularly review our arrangements with respect to the hedge on our loans to ensure that we achieve adequate protection for our projected debt profile as it evolves.

The GHA Group Treasury Management Policy sets down the framework for investing and managing cash, raising loans, interest rate management and the use of financial derivatives by 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 sets out our long term financial forecasts. This document, which is examined by the Board and by external auditors, demonstrates our longer-term viability and the resources available to achieve our strategic objectives.

The strategy for GHA is part of our overall Group Strategy and is made up of the following five key strategic statements:

1. Customer excellence
2. Stronger communities
3. Asset and partnership growth
4. Funding
5. People

Each of these statements set out a number of aims and objectives to be delivered by GHA. Both the strategic statements and Business Plan are made operational through detailed Delivery Plan and budgets with outcomes cascaded throughout the organisation.

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2014 GHA's Rules allowed for the appointment of up to 14 Board members as follows:

- Up to six tenant Board members
- Up to six independent Board members
- Up to two council Board members

The Board could also co-opt up to three persons.

At 31 March 2014 there were 9 members (2013, 13 members) of the GHA Board: four tenant members, three independents and one council Board member. The Board had one co-optee at 31 March 2014.

Each member of the Board holds one fully paid £1 share that is cancelled on cessation of membership. During 2013-14 one share was issued and five memberships were cancelled.

The members of the Board during the year are listed below:

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Alastair Dempster	3 May 2002	23 September 2010	22 April 2013	Wheatley Housing Group, GHA Enterprises Limited, GHA (Funding) Limited, Group Remuneration, Appointments, Appraisals & Governance Committee and Group Strategic Development Committee
Wilma Masterton	6 September 2006	30 September 2011	26 September 2013	YourPlace & South Area Committee
John Grant	17 September 2008	23 September 2010	-	Wheatley Housing Group, Lowther Homes Limited and Group Strategic Development Committee
Gordon Sloan	23 March 2009	5 September 2012	-	Wheatley Housing Group, GHA Enterprises Limited, Lowther Homes Limited, Glasgow Housing Association (Funding) Limited, Group Remuneration, Appointments, Appraisals & Governance Committee, Group Strategic Development Committee and Group Audit Committee
Kate Willis	9 September 2009	30 September 2011	-	YourPlace & North West Area Committee
Robert McCormick	27 April 2009	5 September 2012	-	GHA Enterprises & North East Area Committee
Elizabeth Walford	17 August 2009	24 April 2013	-	Wheatley Housing Group, YourPlace, Group Audit Committee & Group Strategic Development Committee

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Mike Blyth	23 September 2010	24 April 2013	-	Wheatley Housing Group, Glasgow Housing Association (Funding) Limited, Group Audit Committee, Group Remuneration, Appointments, Appraisals & Governance Committee and Group Strategic Development Committee.
Ronnie Jacobs	23 September 2010		22 April 2013	Wheatley Housing Group & Lowther Homes Limited.
Sheila Gunn	25 November 2011	5 September 2012	-	Wheatley Housing Group, YourPlace and GHA Enterprises Limited
Bob Turnbull	4 April 2012	26 September 2013	-	-
Councillor James Coleman	27 June 2012	-	5 November 2013	-
Baillie Martin Docherty	27 June 2012	-	17 September 2013	-
Baillie Elizabeth Cameron	14 February 2014	-	-	-
Councillor Kenny McLean		30 May 2014		
Bernadette Hewit		30 May 2014		North East Area Committee
Iwona Majzuk Soska		30 May 2014		

Political and charitable donations

No political or charitable donations were made by GHA in 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 these statements 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.

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

Statement of internal controls

1. Introduction – background and responsibility

The system of internal controls is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:-

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage them efficiently, effectively and economically.
- safeguard of assets against unauthorised use or disposition; and
- the maintenance of proper accounting records.

2. Overview of main features of the system of internal control

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

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

- Corporate Governance arrangements as outlined in the Corporate Governance Statement.
- Regular meetings of the Board, and Sub Committees, which have a schedule of matters which are specifically reserved for approval and which are the subject of regular standard reports as required.
- Arrangements under terms of reference for the Group Audit Committee to meet regularly and receive reports from management and internal and external auditors on the system of internal control in operation across GHA, and to provide reasonable assurance that control procedures are in place and are being followed.
- Written policies and procedures including Standing Orders setting out delegated authorities across GHA.
- An organisational structure to support business processes and with clear lines of responsibility.
- The employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal personal development programme.
- 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.

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

- 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.

3. Role of Internal Audit and Management

The Internal Audit Function has a central role in the process of developing this Statement of Internal Controls. As part of Internal Audit work, reviews are directed using a risk based approach to assess the robustness of the implementation of GHA's key systems of internal control.

Internal Audit provides information on the various strengths and weaknesses on the approach we have adopted, and advise where improvements are necessary and desirable for good governance. Management across GHA are responsible for the implementation of improvements identified through the audit process.

In line with good practice, Internal Audit provides the Audit Committee with an Annual Internal Audit Report and Statement, which summarises all the work completed during 2013/14. The overall Internal Audit opinion provided in this statement is detailed below:

"Based on our programme of audit work undertaken during the year, assurance can be given that the Group's systems of internal control are generally working soundly and operate reasonably consistently across all departments to ensure effective, economic and efficient management."

4. Risk and Control Framework

GHA recognises the importance of effective identification, evaluation and management of all key strategic and operational risks, and this is a requirement set out by the Scottish Housing Regulator's Regulatory Standards.

"The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose."

Risk Management is a key element of GHA's overarching governance arrangements as it demonstrates that we have considered what might go wrong with our plans, that we have analysed the consequences of things going wrong, and that we have thought through the actions and controls we need to prevent or limit these consequences.

GHA manages the governance to ensure that there is an appropriate use of funds across the Group; that risks to the core business of the Group are managed and mitigated and that strong governance arrangements are upheld by all to protect the reputation of GHA.

Risk Management covers the whole spectrum of risks and not just those associated with finance, health and safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, public image (reputation), compliance with legislation and regulation and environment.

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

Roles and Responsibilities

Risk Management is the responsibility of everyone in the organisation, whether or not they have a formally defined role in the process.

To ensure the successful implementation of the Risk Management Policy and Strategy, clear roles and responsibilities for the Risk Management process have been established.

The Executive Team is the facilitator of the Risk Management Framework and processes. Their role is to ensure that Departmental Managers comply with the Risk Management Framework including monitoring of the risk registers on Covalent; which is GHA's performance management system. This ensures that Departmental Managers keep their risk registers up to date, new and emerging risks are identified and risk scores are challenged.

Risk Management is an integral part of the culture and way we are run. Risk Management plans are incorporated and embedded into business plans of all applicable sections of the organisation (e.g. service improvement plans, project plans, team plans, individual plans). In this way, Risk Management is not the responsibility of senior management alone, but more appropriately the responsibility of all colleagues.

The significant risks facing the organisation are detailed below. Mitigating actions are in place to control the risk exposure to an acceptable level.

- Transforming services by the innovative use of Information and Communication Technology;
- Having adequate business continuity / disaster recovery plans in place for key business activities;
- Welfare Reform impact on resources and cashflow;
- Achievement of partnership integration;
- Access to funding for GHA;
- Wider economic downturn leads to increased deprivation and greater pressure of GHA resources due to increased demand for services;
- Right skills, experience and commercial expertise to achieve strategic objectives and operate in new markets;
- GHA's compliance with the Social Housing Charter; and
- Political landscape changes which impact GHA.

On behalf of the Board



GORDON SLOAN, CHAIR
8th September 2014

STATEMENT OF BOARD'S RESPONSIBILITIES FOR A REGISTERED SOCIAL LANDLORD THAT IS A CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY

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

The Co-operative and Community Benefit Society Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the RSL will continue in business.

The board is responsible for keeping proper accounting records that are sufficient to show and explain the RSL's transactions and disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2012, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended). It is also responsible for safeguarding the assets of the RSL and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for the maintenance and integrity of the society's website. Legislation in the United Kingdom 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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the registered provider's affairs as at 31 March 2014 and of the registered provider's deficit and cash flows for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The registered provider financial statements (the "financial statements"), which are prepared by The Glasgow Housing Association Limited, comprise:

- the registered provider balance sheet as at 31 March 2014;
- the registered provider income and expenditure account and statement of total recognised surpluses and deficits for the year then ended;
- the registered provider cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Board has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the registered provider's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the board; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Other matters on which we are required to report by exception

Adequacy of books of account and information and explanations received

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- the registered provider has not kept proper books of account in accordance with Section 75 (1) of the Co-operative and Community Benefit Societies Act 2014; or
- a satisfactory system of control over transactions has not been maintained in accordance with Section 75 (3) of the Co-operative and Community Benefit Societies Act 2014; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 11, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the registered provider's members as a body in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, section 44 (1)c of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and for no other purpose. We do not, in giving these opinions, 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.



Lindsey Paterson (Senior Statutory Auditor)
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
8th September 2014

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

- (a) The maintenance and integrity of The Glasgow Housing Association Limited website is the responsibility of the board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	Total 2014 £ 000	Total 2013 Restated £ 000
Turnover	3	166,756	168,650
Total operating costs	3	(177,612)	(173,051)
Operating deficit		<u>(10,856)</u>	<u>(4,401)</u>
Profit on sale of fixed assets	9	2,216	2,144
Interest receivable and other income	10	255	1,159
Interest payable and similar charges	11	(23,643)	(21,780)
Deficit for the year	21	<u>(32,028)</u>	<u>(22,878)</u>

**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
 FOR THE YEAR ENDED 31 MARCH 2014**

		2014 £ 000	2013 £ 000
Deficit for the year	21	(32,028)	(22,878)
Unrealised gain on revaluation of fixed assets	21	211,789	63,657
Actuarial loss on pension assets and liabilities	22	<u>(9,417)</u>	<u>(14,414)</u>
Total of recognised surpluses for the year		<u>170,344</u>	<u>26,365</u>

All amounts relate to continuing operations. There is no material difference between the deficit for the year stated above and the historical cost equivalents.

The notes on pages 21 to 44 form part of these financial statements.

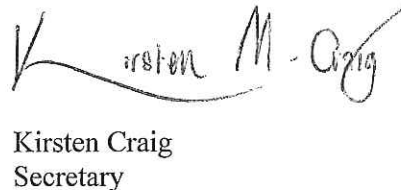
BALANCE SHEET AT 31 MARCH 2014

	<i>Notes</i>	2014 £ 000	2013 £ 000
Tangible fixed assets			
Housing properties	14	965,417	729,763
Other tangible fixed assets	15	35,641	25,345
		<u>1,001,058</u>	<u>755,108</u>
Debtors due after more than one year	16	187,538	228,387
Current assets			
Debtors due within one year	16	25,956	27,596
Cash at bank and in hand		19,892	11,486
		<u>45,848</u>	<u>39,082</u>
Creditors: amounts falling due within one year	17	(51,685)	(46,450)
		<u>(5,837)</u>	<u>(7,368)</u>
Net current liabilities		<u>(5,837)</u>	<u>(7,368)</u>
Total assets less current liabilities		1,182,759	976,127
Creditors: amounts falling due after more than one year	18	(654,560)	(582,333)
		<u>528,199</u>	<u>393,794</u>
Provisions for liabilities and charges	19	(142,296)	(188,364)
Government grant		(984)	(1,008)
		<u>384,919</u>	<u>204,422</u>
Net assets excluding pension liability		<u>384,919</u>	<u>204,422</u>
Pension liability	22	(43,663)	(33,510)
Net assets including pension liability		<u>341,256</u>	<u>170,912</u>
Capital and reserves			
Share capital	20	-	-
Revenue reserve excluding pension reserve		48,922	80,214
Pension reserve	22	(43,663)	(33,510)
Revenue reserve including pension reserve	21	5,259	46,704
Revaluation reserve	21	335,997	124,208
		<u>341,256</u>	<u>170,912</u>
Association's funds		<u>341,256</u>	<u>170,912</u>

These financial statements were approved by the Board on 15th August 2014 and were signed on its behalf on 8th September 2014 by:


 Gordon Sloan
 Chair


 John Grant
 Board Member


 Kirsten Craig
 Secretary

The notes on pages 21 to 44 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	<i>Notes</i>	2014 £000	2013 Restated £000
Net cash inflow from operating activities	25	20,522	4,803
Returns on investment and servicing of finance			
Right to buy and Second stage transfer proceeds	9	4,085	3,509
Interest received	10	35	35
Interest paid	11	(22,795)	(22,663)
Net cash outflow from returns on investment and servicing of finance		(18,675)	(19,119)
Capital expenditure and financial investment			
Improvement of properties	14	(86,168)	(99,751)
Purchase of other fixed assets	15	(15,067)	(4,001)
Grants received	23	38,317	35,804
Net cash outflow from capital expenditure and financial investment		(62,918)	(67,948)
Financing			
Amount due to group undertakings	18	72,350	82,333
Net cash inflow from financing		72,350	82,333
Increase in net cash	25	11,279	69

The notes on pages 21 to 44 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. Legal status

The Glasgow Housing Association Limited ("GHA" or "the Association") is registered under the Co-operative and Community Benefit Societies Act 2014 and is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

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 Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2012, 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 2010, issued by the National Housing Federation.

Whilst the Balance Sheet shows net current liabilities, a loan facility is in place as explained in note 18 which allows the 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.

Related party disclosures

The Association is a wholly-owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Association has taken advantage of the exemption, under the terms of FRS 8, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.

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.

Grant income

Grant income received is matched with the expenditure to which it relates. Where a 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 prior to the revaluation of the properties.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

2. Accounting policies (continued)

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

The Association 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 'FRS 17 Retirement benefits' requires disclosures presented for both the current and comparative period. The 'FRS 17 Retirement benefits' also requires that quoted securities are valued at their current bid-price rather than their mid-market value.

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.

Tangible fixed assets - housing properties

The Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

Valuation of Social Housing Stock

Housing properties are valued on an Existing Use Value for Social Housing ("EUUV-SH") basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. 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.

The cost of properties is their purchase price together with the cost of capitalised improvement works. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

2. Accounting policies (continued)

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.

Depreciation and Impairment

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Association's asset management strategy and the requirement of Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources.

Freehold land is not subject to depreciation. Depreciation is charged so as to write down the cost or valuation (net of Housing Association Grant, and other capital grants) of the freehold housing properties and major components on a straight line basis over their expected useful economic lives.

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

	Economic Life
Land	n/a
Bathrooms	25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works & common areas	20 yrs
Kitchens	20 yrs
Mechanical, Electrical & Plumbing	25 yrs
Structure & roofs	50 yrs
Windows and doors	30 yrs

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses.

New Build

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

The Association's policy is to capitalise the following:

- cost of acquiring land and buildings;
- development expenditure including direct development staff costs; and
- other directly attributable internal and external costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

2. Accounting policies (continued)

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

Freehold land is not depreciated.

Non-Housing properties

The Association owns a number of non-housing properties. The Association applies the same capitalisation and component life approach as stated under Housing properties unless otherwise stated below

Commercial properties

Commercial properties are stated at existing use value and are subject to revaluation at least every five years.

Housing Association Grant and other capital grants

Housing Association Grant (HAG) is received from central government agencies and local authorities and is utilised to reduce the capital costs of housing properties.

HAG due or received in advance is included as a current asset or liability. HAG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

Properties are disposed of under the appropriate legislation and guidance. All HAG relating to the share of property sold are removed from the financial statements at the date of sale. Any HAG received that cannot be repaid from the proceeds of sale is abated and the grant removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay disclosed as a contingent liability.

Other tangible fixed assets

For other tangible fixed assets, depreciation is charged on a straight-line basis over the expected useful economic lives of fixed assets to write off the cost, or valuation, less estimated residual values over the following expected lives. 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:

	Economic Life
Commercial properties	50 yrs
Furniture, fittings and office equipment	5 yrs
Computer equipment	3 yrs

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.

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 liabilities at the balance sheet date where there is a legal or constructive obligation incurred which will probably result in an outflow of resources.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

2. Accounting policies (continued)

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.

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. This has been shown on the Association's Balance Sheet as a debtor offset by a provision of an equal amount. As work progresses, both amounts will be reduced by the appropriate amount.

3. Particulars of turnover, operating costs and operating surplus

	Turnover	2014 Operating Costs	Operating Surplus/ (deficit)	2013 Operating Surplus/ (deficit) Restated
	£ 000	£ 000	£ 000	£ 000
Social lettings (note 4)	150,821	(129,141)	21,680	18,524
Other activities (note 5)	15,935	(48,471)	(32,536)	(22,925)
Total	166,756	(177,612)	(10,856)	(4,401)

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

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

	General Needs	2014 Supported Housing	Total	2013 Total Restated
	£ 000	£ 000	£ 000	£ 000
Rent receivable net of service charges	145,705	2,667	148,372	146,247
Service charges	3,550	65	3,615	3,958
Gross income from rents and service charges	149,255	2,732	151,987	150,205
Less rent losses from voids	(1,145)	(21)	(1,166)	(964)
Net income from rents and service charges	148,110	2,711	150,821	149,241
Total turnover from social letting activities	148,110	2,711	150,821	149,241
Management and maintenance administration costs	47,605	872	48,477	55,757
Service costs	4,591	84	4,675	4,731
Planned and cyclical maintenance including major repairs costs	23,277	426	23,703	21,830
Reactive maintenance costs	28,844	528	29,372	27,627
Bad debts – rents and service charges	806	15	821	1,103
Depreciation of social housing	21,696	397	22,093	19,669
Operating costs from social letting activities	126,819	2,322	129,141	130,717
Operating surplus from social lettings	21,291	389	21,680	18,524

The disclosure of management and maintenance administration costs, service costs, planned and cyclical maintenance including major repair costs, and reactive maintenance costs have been restated to better reflect the allocation of costs to social letting, repairs and maintenance and other activities in notes 4 and 5. This is in line with the definition of other activities within the SORP and guidance issued by the Scottish Housing Regulator. Comparative figures have been restated on the same basis.

Costs incurred in relation to financing activities have been moved from management and maintenance administration costs and are now included within interest payable (note 11). Comparative figures have been restated on the same basis.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

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

					2014	2013	
	Grants From Scottish Ministers	Other Revenue	Supporting People Income	Total Turnover	Total Operating Costs	Operating Surplus /(Deficit)	Operating Surplus /(Deficit) Restated
	£000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Wider role activities to support the community	-	-	-	-	(17,595)	(17,595)	(9,955)
Other income - Gift Aid	-	1,990	-	1,990	-	1,990	790
Commercial Property	-	1,968	-	1,968	(490)	1,478	2,003
Support activities	-	-	1,290	1,290	(2,086)	(796)	(346)
Owners' improvement activities	-	3,427	-	3,427	(3,677)	(250)	127
Demolition activities	4,636	-	-	4,636	(13,746)	(9,110)	(606)
Other income	-	2,624	-	2,624	-	2,624	1,755
Depreciation – Non Social Housing	-	-	-	-	(4,782)	(4,782)	(4,724)
Organisation Restructuring	-	-	-	-	(3,807)	(3,807)	(8,252)
Development & Construction of Property Activities	-	-	-	-	(2,288)	(2,288)	(3,713)
Community Ownership Programme	-	-	-	-	-	-	(4)
Total from other activities	4,636	10,009	1,290	15,935	(48,471)	(32,536)	(22,925)

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

6. Board members' emoluments

Board members received £3,548 (2013: £2,775) by way of reimbursement of expenses.

7. Officers' emoluments

	2014	2013
	£ 000	£ 000
Aggregate emoluments payable to senior officers (including pension contributions and benefits in kind)	1,007	1,029
Emoluments payable to the highest paid officer (excluding pension contributions)	216	196

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

More than £60,000 but not more than £70,000	1	-
More than £70,000 but not more than £80,000	1	-
More than £90,000 but not more than £100,000	1	-
More than £110,000 but not more than £120,000	1	-
More than £120,000 but not more than £130,000	-	1
More than £130,000 but not more than £140,000	1	3
More than £140,000 but not more than £150,000	1	1
More than £150,000 but not more than £160,000	1	-
More than £190,000 but not more than £200,000	-	1
More than £210,000 but not more than £220,000	1	-

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

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

8. Employees

In the year to 31 March 2014, the average full time equivalent number of employees of the Association, including executive directors, was 1,568 (2013: 1,574). All staff are employed by the Association with its costs being recharged to the other group companies where appropriate.

	2014	2013
	£ 000	Restated £ 000
Staff costs (for the above persons)		
Wages and salaries	46,158	45,951
Social security costs	3,749	3,868
Employer's pension costs	<u>7,104</u>	<u>5,423</u>
	<u>57,011</u>	<u>55,242</u>

9. Profit on sale of fixed assets

This represents net income from the sale of properties under tenants' Right-to-Buy (RTB) entitlement.

	2014	2013
	£ 000	£ 000
Right-to-Buy		
Proceeds from disposal of properties	4,085	3,509
Value of properties disposed	<u>(1,869)</u>	<u>(1,365)</u>
Surplus on sale of fixed assets	<u>2,216</u>	<u>2,144</u>

10. Interest receivable and similar income

	2014	2013
	£ 000	£ 000
Bank interest receivable on deposits in the year	35	35
Net return on pension asset	<u>220</u>	<u>1,124</u>
Total	<u>255</u>	<u>1,159</u>

11. Interest payable and similar charges

	2014	2013
	£ 000	Restated £ 000
Bank interest payable	21,589	20,049
Other financing costs	<u>2,054</u>	<u>1,731</u>
Total	<u>23,643</u>	<u>21,780</u>

Costs incurred in relation to financing activities have been moved from management and maintenance administration costs in note 4 and are now included within interest payable and similar charges. Comparative figures have been restated on the same basis.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

12. Auditors' remuneration

	2014 £000	2013 £000
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	56	76
Other services	-	-

13. Financial commitments

Capital commitments

All capital commitments of the Association were as follows:

	2014 £000	2013 £000
Expenditure contracted for, but not provided in the financial statements	51,151	39,390
Expenditure authorised by the Board but not contracted	23,738	26,613
	<u>74,889</u>	<u>66,003</u>

Operating leases

At 31 March 2014 the Association had annual commitments under non-cancellable operating leases as follows:

	2014 £000	2014 £000	2013 £000	2013 £000
	Land and Buildings	Other	Land and Buildings	Other
Operating leases that expire:				
Within one year	333	366	1,318	-
In the second to fifth years inclusive	631	168	286	500
Over five years	592	-	690	-
	<u>1,556</u>	<u>534</u>	<u>2,294</u>	<u>500</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

14. Tangible fixed assets - Housing Properties

	Core Stock £ 000	Donated assets £ 000	Housing under Construction £ 000	Total £ 000
Cost or Valuation				
At 1 April 2013	844,139	1,347	24,991	870,477
Additions	63,176	-	22,992	86,168
Disposals	(1,869)	-	-	(1,869)
Transfers	23,034	-	(23,034)	-
Revaluation	189,616	56	-	189,672
At 31 March 2014	1,118,096	1,403	24,949	1,144,448
Depreciation				
At 1 April 2013	-	-	-	-
Charge for year	(22,093)	(24)	-	(22,117)
Revaluation	22,093	24	-	22,117
At 31 March 2014	-	-	-	-
Grants				
At 1 April 2013	124,086	-	16,628	140,714
Receivable in year	24,660	-	13,657	38,317
Transfers	7,944	-	(7,944)	-
At 31 March 2014	156,690	-	22,341	179,031
Net Book Value				
At 31 March 2014	961,406	1,403	2,608	965,417
At 1 April 2013	720,053	1,347	8,363	729,763

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 2013-14. The demolition programme identifies 2,222 properties for demolition over the next few years, with no long term investment expenditure associated with these properties. Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, 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 £962.8million. Housing under construction, with a NBV of £2.6m, is not included within this total.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

14. Tangible fixed assets - Housing Properties (continued)

Housing properties have been valued by Jones Lang LaSalle Limited, 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 2014 on an Existing Use Valuation for Social Housing (EUV-SH). Discount rates between 6.00% – 6.50% have been used depending on the property archetype (2013: 6.25% retained stock and 8.0% demolition stock). The valuation assumes a rental income increase of RPI + 1% for retained stock from year 2, in line with the Association's 30 year Business Plan (2013-14). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

During 2007-08 GHA received 30 properties from GCC at nil cost and subsequently disposed of 1. The remaining 29 properties were valued by Jones Lang LaSalle Limited at £1.403m as at 31 March 2014 (2013: £1.347m) on a 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 2014 was £0.984m (2013: £1.008m).

During 2013-14 GHA disposed of 117 properties to tenants under RTB entitlements. These properties were valued at £1.869m during the year (2013: £1.365m).

The number of units of accommodation owned and managed (excluding unlettable voids) by the Association at 31 March 2014 is shown below:

	2014	2013
Social Housing		
Affordable Housing	39,056	39,440
Supported Housing	715	715
Total Social Housing	39,771	40,155

The housing valuation has been based on the number of houses held for letting (2013: number of houses held for letting, approved for demolition and planned for demolition) as per the approved business plan as follows:

	2014	2013
Housing Properties		
Housing held for long-term letting	39,287	38,982
Housing approved / planned for demolition	2,222	3,949
Total Units	41,509	42,931

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.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

15. Tangible fixed assets - other tangible fixed assets

	Commercial Properties £ 000	Furniture, fittings and equipment £ 000	Computer Equipment £ 000	Total £ 000
Cost or valuation				
At 1 April 2013	20,135	10,605	24,868	55,608
Additions	358	10,083	4,626	15,067
At 31 March 2014	20,493	20,688	29,494	70,675
Depreciation				
At 1 April 2013	(2,216)	(9,188)	(18,859)	(30,263)
Charge for year	(396)	(1,499)	(2,876)	(4,771)
At 31 March 2014	(2,612)	(10,687)	(21,735)	(35,034)
Net Book Value				
At 31 March 2014	17,881	10,001	7,759	35,641
At 31 March 2013	17,919	1,417	6,009	25,345

Commercial Properties were valued by an independent professional adviser, Ryden Property Consultants, on 31 March 2012 in accordance with the appraisal and valuation manual of the RICS. A revaluation is performed every 5 years unless there is an indication of impairment in the value of the property. There has been no such indication.

16. Debtors

Due after more than one year:

	2014 £ 000	2013 Restated £ 000
Development agreement (note 2)	141,148	186,717
Due from other group companies	27,917	22,812
Other	18,473	18,858
Total	187,538	228,387

In accordance with the development agreement accounting policy, included in debtors is a balance of £141.1m (2013: £186.7m) 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 relates to the identical provision in the accounts for this expenditure (note 19) and as work progresses both of these balances will be utilised as the work is undertaken.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

16. Debtors (continued)

Restatement of prior year balances

Capitalised fees on our funding facility have been moved from "due from group companies" and are now included within "other". These fees relate to the loan balance with GHA Funding Limited, another Wheatley Housing Group company, and are now separately presented in the current year and comparative disclosure.

Due within one year:

	2014	2013
	£ 000	£ 000
Arrears of rent and service charges	9,624	10,658
Less: provision for bad and doubtful debts	(3,494)	(3,965)
	<u>6,130</u>	<u>6,693</u>
Prepayments and accrued income	943	2,321
Other debtors	16,290	17,972
Due from other group companies	2,593	610
	<u>25,956</u>	<u>27,596</u>
Total		

17. Creditors: amounts falling due within one year

	2014	2013
	£ 000	£ 000
Trade creditors and accruals	20,387	30,039
Deferred income	16,497	5
Rent and service charges received in advance	5,047	3,746
Salaries, wages, other taxation and social security	999	1,041
Bank overdraft	5,865	8,738
Other creditors	2,770	2,881
Due to other group companies	120	-
	<u>51,685</u>	<u>46,450</u>
Total		

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

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

	2014	2013
	£ 000	£ 000
Scottish Government contingent efficiencies grant	100,000	100,000
Amount due to group company	554,350	482,333
Other	210	-
Total	<u>654,560</u>	<u>582,333</u>

The Scottish Government made available £100.0m of contingent efficiencies grant over an eight year period. Under this agreement, £100.0m (2013: £100.0m) has been received and is shown as an interest free loan. The grant agreement provides for repayment in November 2040 only if the Association, Glasgow City Council and the Scottish Government are unable to agree on a re-investment proposal for the grant funding.

Bank lending facility

A committed facility of £700.0m (2013: £700.0m), secured on the Association's housing stock is available from a syndicate of banks, provided through The Glasgow Housing Association (Funding) Limited. During the year an additional £72.35m was drawn down (2013: £82.33m) at an interest rate of 4.52% (2013: 4.8%). All debts shown are on a non-instalment basis.

The bank loans are secured over the whole of the housing stock, including new build properties completed since stock transfer in March 2003 and certain other properties of The Glasgow Housing Association Limited.

Borrowings are repayable as follows	2014	2013
	£ 000	£ 000
In less than one year	-	-
In more than one year but less than five years	13,734	10,970
In more than five years	540,616	471,030
	<u>554,350</u>	<u>482,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

19. Provisions for liabilities and charges

	Development Agreement £ 000	Insurance £ 000	Total £ 000
At 1 April 2013	186,717	1,647	188,364
Created in year	-	-	-
Utilised	(45,569)	(499)	(46,068)
	<hr/>	<hr/>	<hr/>
At 31 March 2014	<u>141,148</u>	<u>1,148</u>	<u>142,296</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.

Insurance

A provision is held in respect of the excess arising on all outstanding insurance claims.

20. Share capital

	2014	2013
	£	£
Shares of £1 each issued and fully paid		
At 1 April	14	13
Issued during year	1	2
Surrendered during year	<u>(6)</u>	<u>(1)</u>
At 31 March	<u>9</u>	<u>14</u>

Share capital is non equity and does not carry any voting rights or rights to dividend payments.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

21. Reserves

	Revenue reserve	Revaluation reserve - core housing stock	Revaluation reserve - donated assets	Revaluation reserve - commercial properties	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Opening balance at 1 April 2013	46,704	117,116	341	6,751	170,912
Deficit for the year	(32,028)	-	-	-	(32,028)
Revaluation during the year	-	211,709	80	-	211,789
Actuarial loss in respect of pension provision	(9,417)	-	-	-	(9,417)
<hr/>					
Closing balance at 31 March 2014	5,259	328,825	421	6,751	341,256

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

22. Pensions

The Group subsidiary Glasgow Housing Association Limited 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 as at 31 March 2011. The next full actuarial valuation is due as at 31 March 2014, but is not yet available as at the date of these financial statements.

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 2014	31 March 2013
Discount rate	4.3%	4.5%
Expected rate of return on plan assets	6.0%	5.2%
Future salary increases	*5.1%	**5.1%
Inflation	2.8%	2.8%

* Salary increases are assumed to be 1% p.a. until 31 March 2015 reverting to the long term assumption thereafter.

** Salary increases are assumed to be 1% p.a. until 31 March 2015 reverting to the long term assumption thereafter.

In valuing the liabilities of the pension fund at 31 March 2014, 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: 21.0 years (male) (2013 21.0 years), 23.4 years (female) (2013 23.4 years).
- o Future retiree upon reaching 65: 23.3 years (male) (2013 23.3 years), 25.3 years (female) (2013 25.3 years).

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.

The information disclosed below is in respect of the whole of the plans for which GHA has been allocated a share of cost under an agreed policy throughout the periods shown.

	Value at 31 March 2014 £ 000	Value at 31 March 2013 £ 000
Present value of funded defined benefit obligations	(313,304)	(280,460)
Fair value of plan assets	269,641	246,950
Net liability	(43,663)	(33,510)

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

22. Pensions (continued)

Movements in present value of defined benefit obligation

	2014	2013
	£ 000	£ 000
Opening defined benefit obligation	280,460	227,202
Current service cost	8,619	6,347
Interest cost	12,772	11,113
Loss on curtailment	1,208	5,365
Actuarial losses	13,252	33,416
Contributions by members	2,280	2,130
Estimated benefits paid	(5,287)	(5,113)
Closing defined benefit obligation	313,304	280,460

Movements in fair value of plan assets

	2014	2013
	£ 000	£ 000
Opening fair value of plan assets	246,950	206,434
Expected return on plan assets	12,992	12,237
Actuarial (losses) / gains	3,835	19,002
Contributions by the employer	8,871	12,260
Contributions by the members	2,280	2,130
Estimated benefits paid	(5,287)	(5,113)
Closing fair value of plan assets	269,641	246,950

Expense recognised in the income and expenditure account

	2014	2013
	£ 000	£ 000
Current service cost	8,619	6,347
Losses on settlements or curtailments	1,208	5,365
Interest on defined benefit pension plan obligation	12,772	11,113
Expected return on defined benefit pension plan asset	(12,992)	(12,237)
	<hr/>	<hr/>
	9,607	10,588
	<hr/> <hr/>	<hr/> <hr/>

The expense is recognised in the following line items in the income and expenditure account

	2014	2013
	£ 000	£ 000
Operating costs	177,612	173,051
Interest receivable	255	2,159

The total amount recognised in the statement of total recognised gains and losses in respective of actuarial gains and losses is £9.417m loss (£14.414m loss, 2013).

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 £50.901 million (£41.484 million loss in 2013).

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

22. Pensions (continued)

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

	2014 £ 000	2013 £ 000
Equities	204,927	187,681
Corporate bonds	32,357	34,573
Property	18,875	17,287
Cash	<u>13,482</u>	<u>7,409</u>
	269,641	246,950
Actual return on plan assets	16,826	31,299

History of experience gains and losses

	2014 £ 000	2013 £ 000	2012 £ 000	2011 £ 000	2010 £ 000
Balance Sheet					
Present value of scheme liabilities	(313,304)	(280,460)	(227,202)	(208,219)	(235,144)
Fair value of scheme assets	269,641	246,950	206,434	202,419	179,185
(Deficit)	<u>(43,663)</u>	<u>(33,510)</u>	<u>(20,768)</u>	<u>(5,800)</u>	<u>(55,959)</u>
Experience Adjustments	2014 £ 000 / %	2013 £ 000 / %	2012 £ 000 / %	2011 £ 000 / %	2010 £ 000 / %
Experience adjustments on scheme liabilities £000	118	318	10,333	(72)	7
Experience adjustments on scheme liabilities %	0.0	0.1	4.5	0.0	0.0
Experience adjustments on scheme assets £000	3,835	19,002	(14,795)	1,188	39,081
Experience adjustments on scheme assets %	1.4	7.7	(7.2)	0.6	21.8

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

23. Scottish Government and other grants

The Scottish Government made available a secured repayable grant of £370m receivable over 13 years. The grant was 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 delivered all commitments to tenants made at the time of transfer in March 2003, and met the performance standards of the Regulator by 31 March 2015 then no grant would be repayable. It was agreed during the year with the Scottish Government that these conditions were met and accordingly the grant was not repayable. No provision for repayment is therefore required.

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. £100m has been received up to the 31 March 2014 and is shown as a loan (note 18).

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

Grants & Loans	2014	2013
	£ 000	£ 000
Scottish Government Grants (Capital)		
Secured Repayable grant	22,305	21,656
Reprovisioning grant	<u>13,657</u>	<u>11,002</u>
Total Scottish Government Capital Grants	35,962	32,658
Other Capital Grants		
Energy Efficiency	<u>2,355</u>	<u>3,146</u>
Total Capital Grants	38,317	35,804
Scottish Government Revenue Grants		
Demolition grant	<u>4,636</u>	<u>7,931</u>
Total	<u>42,953</u>	<u>43,735</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

24. Related party transactions

During the year the tenancies held by five tenant Board members were under a Scottish Secure Tenancy Agreement held on normal terms. Board members 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:

John Grant	Mosspark LHO
Gordon Sloan	Keystone Tenant Managed Homes
Robert McCormick	Compass LHO
Kate Willis	Castlemilk LHO

During the year GHA held nomination rights to a directorship of Transforming Communities: Glasgow ("TC:G"). Gordon Sloan serves as GHA's nominated director on the Board of TC:G.

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 John Grant nominated onto the board during the year. During the year GHA made no payments to Scotcash (2013: none).

GHA have seconded a number of employees to the Wheatley Housing Group. WHG have also recharged GHA for its share of group services. All of these transactions have been undertaken on an arm's length basis.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

25. Cash Flow Analysis

Reconciliation of surplus to net cash inflows from operating activities	2014	2013
	£ 000	Restated £ 000
Deficit from operating activities	(10,856)	(4,401)
Depreciation charges	26,888	24,417
(Increase)/decrease in debtors	(3,020)	5,402
Increase/(decrease) in creditors and provisions	6,578	(20,043)
Release of government grant	(24)	(24)
Pension costs less contribution payments	956	(548)
Net cash inflow from operating activities	<u>20,522</u>	<u>4,803</u>

Reconciliation of net cash flow to movement in net debt	2014	2013
	£ 000	£ 000
Net debt at 1 April	(579,585)	(497,321)
Increase in cash in the year	8,406	4,542
Decrease/(increase) in overdraft	2,873	(4,473)
Cash inflow from debt after more than one year	(72,227)	(82,333)
Net debt at 31 March	<u>(640,533)</u>	<u>(579,585)</u>

Analysis of changes in net debt	At 1 April 2013	Cashflow	At 31 March 2014
	£ 000	£ 000	£ 000
Cash at bank and in hand	11,486	8,406	19,892
Overdraft	(8,738)	2,873	(5,865)
Movement in cash	<u>2,748</u>	<u>11,279</u>	<u>14,027</u>
Debt due after more than one year	<u>(582,333)</u>	<u>(72,227)</u>	<u>(654,560)</u>
Net debt	<u>(579,585)</u>	<u>(60,948)</u>	<u>(640,533)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

26. Ultimate parent organisation

The association is a subsidiary undertaking of Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

The only group into which the results of the association are consolidated is Wheatley Housing Group Limited. The consolidated financial statements of Wheatley Housing Group Limited may be obtained from the registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

SUPPLEMENTARY INFORMATION

Secretary and Registered Office

Kirsten Craig
Glasgow Housing Association Limited
Wheatley House
25 Cochrane Street
Glasgow G1 1HL

Independent auditors

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow G2 7EQ

Bankers

Royal Bank of Scotland
Glasgow Corporate Office
Kirkstane House
139 St Vincent Street
Glasgow G2 5JF

Lloyds Banking Group
Henry Duncan House
120 George Street
Edinburgh EH2 4LH

Members of Loan Syndicate

Royal Bank of Scotland
Glasgow Corporate Office
Kirkstane House
139 St Vincent Street
Glasgow G2 5JF

Lloyds Banking Group
Henry Duncan House
120 George Street
Edinburgh EH2 4LH

Nationwide Building Society
Housing Finance
Kings Park Road
Moulton Park
Northampton NN3 6NW

European Investment Bank
100 Boulevard Konrad
Adenauer L-2950
Luxembourg

