



DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2015

The Glasgow Housing Association Limited

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

(Scottish Housing Regulator Registration No. 317)

(Scottish Charity No. SC034054)

OPERATING REVIEW

The directors present their annual report and the audited financial statements for the year ended 31st March 2015.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation. GHA is Scotland's largest social landlord with 40,000 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 1,500 staff, who deliver sector-leading frontline services.

Review of Business and Future Developments

Introduction

GHA's core business is providing quality, affordable housing and creating flourishing communities people are proud to live in. But it's not just about homes and neighbourhoods - it's the people who live in them we want to see thrive and develop.

While continuing to prioritise the physical regeneration of our communities, we now have an expanding range of initiatives to support our tenants into jobs and training, provide money and fuel advice, support to get online and help with furniture and food. With welfare reform having a profound impact on our tenants, that lifeline support is more important than ever.

New homes and regeneration

GHA's new-build programme continues to transform communities all over the city, with almost 1400 new homes built since 2003. In the past year, 278 tenants have moved into modern, new homes, including at Marfield Street in Carntyne, the former Commonwealth Games Athletes' Village in Dalarnock and at Temple, in Anniesland.

Tenants are not only enjoying living in modern, spacious new homes, the energy-efficient features also means cheaper fuel bills. That helps us tackle fuel poverty and reduce carbon emissions.

Our new homes really do change people's lives. Tenant Clare Carvill, who moved into Marfield Street last October, said: "Now my two sons have their own room they get along much better. This home has made a massive difference to our lives."

Since April this year we've completed another 100 new homes - at Sighthill, Toryglen and Barmulloch - as part of our partnership with Glasgow City Council and the Scottish Government in Transforming Communities: Glasgow, which identifies priority regeneration areas in the city. Hundreds more new GHA homes are currently under construction.

Another 2,800 new homes are planned over the next seven years after Wheatley Group - GHA's parent organisation - secured a landmark £300m bond deal through the financial markets.

As well as building new homes, we've continued to make our existing homes warmer, drier, safer and more comfortable.

Our capital investment programme has seen more than £44.7m spent in the past year modernising our housing stock. Tenants are enjoying the benefits of new windows, central heating systems, kitchens and bathrooms. Since 2003, GHA has spent more than £1.275billion upgrading more than 70,000 homes - the biggest project of its kind in Europe.

OPERATING REVIEW (continued)

Increasing support for our tenants

We know communities need support, and this year we've introduced a wide-ranging set of initiatives to help our tenants access jobs and training, put food on the table, furnish their homes, get online and get expert advice on benefits, money and budgeting.

Jobs and training

A vital way of increasing opportunities - and helping people fulfil their potential - is through access to jobs and training. In the past year, we've helped 198 people into jobs and created 193 training places through the Community Janitors, our Modern Apprenticeship programme and the Wheatley Pledge.

The Community Janitors scheme sees long-term unemployed people work alongside GHA's environmental teams keeping neighbourhoods clean. Since 2006 around 1900 people have been through the programme. This year 126 people took part, and 115 of them moved into full-time jobs.

Our Modern Apprenticeships in Business, Housing and IT helped 19 school-leavers take the first steps on the career ladder this year - bringing the total to 174 since 2009.

The Wheatley Pledge encourages contractors of GHA's parent organisation to create jobs and training. Since 2013 the scheme has created 160 opportunities for people. In the past year alone we've helped 61 people into jobs, created 9 apprenticeships and another 8 placements or internships through the scheme.

Daniel Horsfield, who got a start as an apprentice joiner through the scheme, said: "There's not a lot of work around out there and Wheatley doing this for young people is fantastic."

GHA's investment and new-build contracts also stipulate that jobs and training be created for local people, and in the past year GHA's contractors have created 11 jobs and 17 apprenticeships through this 'community benefit' clause.

Welfare services

We have increased the range of wraparound services designed to support people affected by welfare reform - from financial advice to help in furnishing their homes.

Our **welfare benefits advisors** help tenants claim all the benefits and tax credits they're due. In the past year, 3,482 tenants have used the service - and have accessed more than £5m in unclaimed benefits. Tenants George and Margaret Hassan are now around £400 better off after help from an advisor. George said: "It was a nice surprise as we didn't know about the extra help. This means we're better off."

GHA's **fuel advisors** give tenants free, expert advice on keeping their gas and electricity bills low. A total of 2,748 tenants used the service in 2014-15 and saved £588,000 on their bills.

Our **Home Comforts** scheme provides free, recycled furniture for tenants struggling to furnish their homes. That support has been a lifeline to 567 tenants in the past year. And 1403 older and disabled tenants have used the **Handyperson** service for help with odd jobs around the home.

Our **Eat Well** programme has been a lifeline to tenants experiencing food poverty. As well as offering debt, budgeting and money advice, we distribute excess supermarket food to tenants who have nowhere else to turn. In the past year we've carried out 3994 deliveries - and helped 755 tenants get back on their feet.

OPERATING REVIEW (continued)

Tenant Ian Dean said: "Eat Well gave me advice and food parcels while I looked for work. It helped get me off the breadline."

Digital inclusion

Glasgow has one of the lowest levels of internet usage in the UK and our efforts to get more tenants online are designed to help tenants cope with welfare reform - where new claims are made online - and increase the range of online services tenants can access.

GHA now supports 27 Click & Connect computer learning centres all over Glasgow. Tenants get free internet access and expert advice to help them log on to job sites, create a CV, pay their rent and complete online benefit forms.

Our support for the Lone Parents Advice and Support Network means mums and dads can also get benefits advice and help to complete online claims and learn about jobs and training.

We're also increasing choice for tenants by expanding our range of online services. Later this year tenants will be able to see their account balance, make payments, book a repair and request other services whenever it suits them.

Social media remains a popular and effective way for us to interact with customers, and GHA now has 11,686 followers across Facebook and Twitter.

A lasting legacy from the Commonwealth Games

The 2014 Commonwealth Games was, of course, the biggest event ever staged in the city. But we judge its success in terms of what it left behind for the people of Glasgow. A total of 98 GHA tenants are now enjoying life in smart new homes in the former Athletes' Village, but we've also worked hard over the past year to make sure the Games left a lasting sporting, cultural and social legacy for Glaswegians.

One of the most important ways of doing that was through distributing furniture used at the Athletes' Village. More than 16,000 items of furniture were gifted to GHA by Games organisers - and then distributed by us to our tenants as well as to charities, other social landlords and voluntary organisations in and around Glasgow.

We also helped create a sporting legacy for our young people. More than 900 east end school kids took part in the Legacy Games at the Emirates Arena, while we gave young people the chance to take part in track cycling sessions at the same venue. We also organised a Mini Commonwealth Games for youngsters in Scotstoun, and helped school kids in Drumchapel keep the spirit of the Games alive by holding their own Drumwealth Games.

We made sure older tenants didn't miss out by organising a 'summer of sport' at our sheltered housing complexes where tenants took part in activities such as indoor bowls and golf.

And Wheatley Group's 2014 Games Year Sport Scholarship helped 10 young athletes pursue their dreams of sporting excellence with a grant of up to £1,000 a year to help with travel expenses and equipment. Wheatley Group's Host your Kit competition also provided new strips and vouchers for sports equipment for 10 lucky sports clubs in GHA communities.

These projects have left a lasting legacy of sporting excellence - and healthier, more active communities.

OPERATING REVIEW (continued)

Area Committees

GHA's three area committees – made up of tenants and community representatives – are a vital way for us to support grassroots projects across the city.

Each committee has responsibility for £1.5million to spend on neighbourhood improvements, and have approved projects ranging from allotments and play parks to resurfacing pathways and renovating community centres.

The committees also have an annual community fund budget of £150,000 each to help our tenants lead 'better lives'. Well over 100 projects have been supported in the past year, including helping young people improve their employability skills, organising parties for older tenants and helping families, carers and people with disabilities get an affordable holiday.

Performance

GHA reports on its performance against a series of indicators laid out in the Scottish Social Housing Charter. Our performance continues to show strong results, with approximately half of the indicators at top quartile levels.

A total of 91% of tenants are satisfied with the overall service they receive from GHA. In the past year, our level of current tenant arrears has fallen from 2.59% to 2.38%, while the average time to let homes is at 14.39 days, down from 19.56 days. Other major improvements have been in relation to: complaints responded to in full within timescales (up 13%); lettable homes that became vacant (down 3%); gross rent arrears (down 0.4%); and average length of time taken to re-let properties (down 5 days).

Awards

It's been another year of business excellence for GHA, with external recognition of the progress then organisation has made.

Investors in People (iP) is the UK's leading accreditation for business improvement through people management. Following last year's iP Gold Award, GHA this year picked up Large Employer of the Year and Overall Employer of the Year at the annual iP awards, while Chief Executive Martin Armstrong was named Leader of the Year. Judges described GHA as 'an inspiration to us all' and 'an absolute stand-out organisation'.

GHA also won big at the UK Housing awards, including the award for 'Business Transformation of the Year' for our ground-breaking 'Think Yes' staff campaign. Meanwhile, our new-build development at Duke Street/High Street also picked up City Regeneration Project of the year at the Scottish Property Awards.

Independent auditors

The directors appointed PricewaterhouseCoopers LLP to act as auditors of the financial statements for the year ended 31 March 2015. 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

The Association's turnover for the year ended 31 March 2015 totalled £201.1m (£199.4m, 2013-14). Rental and service charge income (net of void losses) accounted for 76.5%, or £153.8m, of this with the remainder including:

- £37.6m of grant accounted for as income in relation to capital investment and the new build programme (£32.6m, 2013-14);
- £2.3m of income from commercial properties (£2.0m, 2013-14);
- £3.1m of income in relation to improvements to homeowners' properties (£3.4m, 2013-14);
- £0.9m of gift aid received from GHA (Management) Limited trading as YourPlace, a commercial business within the Wheatley Housing Group (£2.0m, 2013-14).

Expenditure

Total revenue expenditure in the year was £175.7m (£179.5m, 2013-14), comprising the following main items:

- Letting activity management costs of £48.1m (£48.5m, 2013-14);
- Planned repair and reactive maintenance costs of £22.4m and £26.8m respectively (£21.6m and £23.8m, 2013-14);
- Total depreciation costs of £39.2m (£34.3m, 2013-14);
- Demolition costs of £8.0m (£13.7m, 2013-14); and
- Costs associated with our wider role in supporting communities of £14.7m (£17.6m, 2013-14)

The operating surplus generated by the Association in the year totalled £31.7m after gains on the revaluation of investment properties (£24.7m, 2013-14).

The Association had a net asset position at the year-end of £476.3m (£418.7m, 2014).

Cashflows

The cash flow statement of the Association is shown on page 16. GHA generated £37.6m from operating activities, an increase of £27.2m from the prior year. Cash and cash equivalents in the year reduced by £8.1m (increased by £14.0m in 2013-14), driven by significant investment in our housing stock.

Liquidity

The Association's net current assets as at 31 March 2015 totalled £101.8m, a reduction of £38m in the year linked to the utilisation of the development agreement and a reduction in cash. As detailed in note 18, new Group borrowing arrangements were negotiated in the year to replace the Association's previous debt. As a consequence, the Association has drawn down on this facility to further invest in its existing stock and on its new build programme. Creditors due after more than one year have therefore increased to £611.4m from £562.1m.

Capital structure and treasury

The Association's activities are funded on the basis of a Business Plan which is updated annually. The main element of our long-term funding is the syndicated funds in Wheatley Funding No. 1 Limited, as detailed in note 18. The Association has access to an intra-group facility of £837.6m which is secured on its housing stock. Interest rate risk is managed at a group level by Wheatley Funding No. 1 Limited.

FINANCIAL REVIEW (continued)

Investment in tenants' homes

During the year we invested £44.7m in improving tenant's homes. At the year-end our housing stock was valued at £1,043.2m.

New Build

During the financial year we completed 293 new build properties across five developments. Our new build programme invested £56.5m in the year. The Business Plan includes a further projected spend of £210m on the new build programme in GHA over the next five years.

By order of the Board



Gordon Sloan, Chair

26th August 2015

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2015 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 2015 there were 11 members (2014, 9 members) of the GHA Board: five tenant members, four independents and two council Board members. The Board had one co-optee at 31 March 2015.

Each member of the Board holds one fully paid £1 share that is cancelled on cessation of membership. During 2014-15 four shares were issued and two 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
Gordon Sloan	23 March 2009	5 September 2012	-	The Glasgow Housing Association (Funding) Limited (Non-Executive Director) GHA Enterprises Limited (Non-Executive Director) Wheatley Housing Group Limited (Non-Executive Director) Lowther Homes Limited (Non-Executive Director) Keystone LHO Committee (Member)
Kate Willis	9 September 2009	30 September 2011	-	GHA (Management) Limited (Non-Executive Director) Castlemilk LHO Committee (Member)
Elizabeth Walford	17 August 2009	24 April 2013	-	The Glasgow Housing Association (Funding) Limited (Non-Executive Director) GHA (Management) Limited (Chairperson) Yourplace Property Management Limited (Non-Executive Director of dormant company) Wheatley Housing Group Limited (Non-Executive Director)
Mike Blyth	23 September 2010	24 April 2013	24 June 2015	Wheatley Housing Group Limited (Non-Executive Director) The Glasgow Housing Association (Funding) Limited (Non-Executive Director)

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS
(continued)

Name	First Joined Board	Re-elected/re-appointed	Left Board	Committees/Group Directorships
Sheila Gunn	25 November 2011	5 September 2012	1 May 2015	GHA Enterprises Limited (Non-Executive Director) GHA (Management) Limited (Non-Executive Director) Wheatley Housing Group Limited (Non-Executive Director)
Robert Turnbull	4 April 2012	26 September 2013	-	Cube Housing Association Limited (Board member, Charity Trustee)
Bailie Elizabeth Cameron (Glasgow City Council appointee)	14 February 2014	-	-	-
Councillor Kenny McLean	30 May 2014	-	-	-
Bernadette Hewitt	30 May 2014	-	-	Unity Homes LHO Committee (Chair)
Iwona Majzuk Soska	30 May 2014	-	-	-
Jean Albert Nietcho	25 September 2014	-	-	-
Jo Armstrong	26 August 2015	-	-	Wheatley Housing Group Limited (Non-Executive Director)
Robert McCormick	27 April 2009	5 September 2012	31 December 2014	GHA Enterprises Limited (Non-Executive Director) Compass LHO Committee (Member)
John Grant	17 September 2008	23 September 2010	26 September 2014	Wheatley Housing Group Limited (Non-Executive) Lowther Homes Limited (Non-Executive) Mossspark LHO Committee (Member)

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 registered social landlord ("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.

By order of the Board



Gordon Sloan, Chair

26th August 2015

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

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

Report on the financial statements

Our opinion

In our opinion, The Glasgow Housing Association Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the registered provider's affairs as at 31 March 2015 and of the registered provider's surplus 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 the Charities Accounts (Scotland) Regulations 2006.

What we have audited

The Directors' report and financial statements comprise:

- the registered provider's statement of financial position as at 31 March 2015;
- the registered provider's statement of comprehensive income;
- the registered provider's 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

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 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 Board Report is inconsistent in any material respect with the financial statements; or
- a satisfactory system of control over transactions has not been maintained; or
- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the registered provider; or
- the registered provider's financial statements are not in agreement with the books of account.

We have no exceptions to report arising from this responsibility.

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

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 10, 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 Part 6 section 69 of the Housing (Scotland) Act 2010, section 87 (2) and section 98 (7) of the of the Co-operative and Community Benefit Societies Act 2014, section 44 (1)c of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 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.

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.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' 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)**



Lindsey Paterson (Senior Statutory Auditor)
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
26 August 2015

- (a) The maintenance and integrity of The Glasgow Housing Association Limited's 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.

**STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	Total 2015 £ 000	Total 2014 restated £ 000
Turnover	3	201,095	199,413
Operating expenditure	3	(175,745)	(179,478)
Gain on investment activities	3	6,348	4,772
Operating surplus		<u>31,698</u>	<u>24,707</u>
Gain on disposal of fixed assets	9	2,033	2,216
Finance income	10	498	35
Finance charges	11	(31,042)	(26,443)
Movement in fair value of financial instruments	16	9	-
Reversal of previous decrease in valuation of housing properties		-	6,629
Surplus for the year	21	<u>3,196</u>	<u>7,144</u>
Unrealised (deficit)/surplus on the revaluation of housing properties	21	(4,358)	170,906
Actuarial gain/(loss) in respect of pension schemes	22	<u>58,749</u>	<u>(7,668)</u>
Total comprehensive income for the year		<u>57,587</u>	<u>170,382</u>

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102.

The notes on pages 17 to 41 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015

	<i>Notes</i>	2015 £ 000	2014 restated £ 000
Fixed assets			
Social housing properties	14	1,043,246	983,853
Other tangible fixed assets	14	9,043	17,760
Investment properties	15	31,794	25,265
Investments - other	15	8,387	-
		<u>1,092,470</u>	<u>1,026,878</u>
Pension asset	22	10,684	-
Current assets			
Trade and other debtors	16	174,334	194,526
Cash and cash equivalents		<u>7,205</u>	<u>19,892</u>
		181,539	214,418
Creditors: amounts falling due within one year	17	<u>(79,731)</u>	<u>(74,459)</u>
Net current assets		<u>101,808</u>	<u>139,959</u>
Total assets less current liabilities		1,204,962	1,166,837
Creditors: amounts falling due after more than one year	18	<u>(611,380)</u>	<u>(562,145)</u>
		593,582	604,692
Provisions for liabilities			
Pension liability	22	-	(43,663)
Other provisions	19	<u>(117,262)</u>	<u>(142,296)</u>
Total net assets		<u>476,320</u>	<u>418,733</u>
Reserves			
Share capital	20	-	-
Revenue reserve excluding pension reserve		299,088	291,490
Pension reserve	22	10,684	(43,663)
Revenue reserve including pension reserve	21	309,772	247,827
Revaluation reserve	21	<u>166,548</u>	<u>170,906</u>
Total reserves		<u>476,320</u>	<u>418,733</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102.

These financial statements were approved by the Board on 14 August 2015 and were signed on its behalf on 26 August 2015 by:


 Gordon Sloan
 Chair


 Kate Willis
 Director


 Kirsten Craig
 Secretary

The notes on pages 17 to 41 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	<i>Notes</i>	2015 £000	2014 restated £000
Net cash generated from operating activities	24	46,425	10,402
Cash flow from investing activities			
Improvement of properties – housing stock	14	(44,715)	(68,707)
New build	14	(55,111)	(22,421)
Purchase of other fixed assets	14	(5,815)	(14,709)
Improvement of properties – investment	15	(181)	(358)
Right-to-buy proceeds	9	5,964	4,085
Convertible debt instrument issued to Lowther Homes Limited		(30,000)	-
Repayment of intercompany loan with Lowther Homes Limited		27,917	-
Grants received		28,730	54,814
Finance income		203	35
		(73,008)	(47,261)
Cash flow from financing activities			
Finance charges		(24,735)	(23,364)
Financing draw down		43,264	71,502
		18,529	48,138
Net change in cash and cash equivalents		(8,054)	11,279
Cash and cash equivalents at beginning of the year		14,027	2,748
Cash and cash equivalents at end of the year		5,973	14,027
Cash and cash equivalents at 31 March			
Cash		7,205	19,892
Bank overdraft		(1,232)	(5,865)
		5,973	14,027

The notes on pages 17 to 41 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. Legal status

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. GHA is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principle activity of the Association is the provision of social housing.

The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

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 for social housing providers 2014 ("SORP 2014"), issued by the National Housing Federation and under FRS 102. The Association has elected to adopt FRS 102 and the SORP 2014 early.

The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Group and the preparation of long terms financial forecasts and plans which include an assessment of the availability of funding, the certainty of cash flow from the rental of social housing stock.

Discount rates have been used in the valuation of housing properties and in the assessment of the fair value of financial instruments. The rates used are subject to change and are influenced by wider economic factors over time.

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 102, 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

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 recognised as income using the performance model in accordance with the Statement of recommended practise for social housing providers 2014 ("SORP 2014"). Prior to satisfying the performance conditions, capital grant is held as deferred income on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

2. Accounting policies (continued)

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. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

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.

Financial Instruments

Loans provided by Wheatley Funding Number 1 Limited ("WFL1") are classed as basic under the requirements of FRS 102, and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

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 a defined benefit pension scheme arrangement with 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. The Fund provides 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 102 which requires disclosures presented for both the current and comparative period. FRS 102 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 comprehensive income under actuarial gain or loss on pension schemes.

Fixed assets – housing properties

In accordance with SORP 2014, 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 annually 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

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

2. Accounting policies (continued)

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 2017, 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 and repairs that result in an enhancement of the economic benefits of the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

• **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 Group's asset management strategy and the requirement of the 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.

Freehold land is not subject to depreciation.

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.

• **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.

• **Properties held for demolition**

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 102 there is no constructive obligation at the balance sheet date to provide for these costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

2. Accounting policies (continued)

The Association's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including direct development staff costs; and
- Other directly attributable internal and external costs.

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.

Non-housing properties

Housing for Mid Market Rent properties are valued on an open market value subject to tenancies basis at the balance sheet date by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation and are held as investment properties and not subject to depreciation. 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 improvement works.

Mid market rent properties owned by the Association are currently leased to Lowther Homes Limited at the prevailing market rate. These properties are managed by Lowther Homes Limited.

Commercial properties are held as investment properties and not subject to depreciation, they are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are revalued 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 is recognised as income in the statement of comprehensive income when new build properties are completed or the capital work carried out under the performance model. HAG due or received is held as deferred income until the performance conditions are satisfied, at that point it is recognised as income in the statement of comprehensive income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

Properties are disposed of under the appropriate legislation and guidance. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but 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, 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:

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

2. Accounting policies (continued)

	Economic Life
Furniture, fittings and office equipment (cost)	5 yrs
Computer equipment (cost)	3 yrs

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.

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	2015 Operating Costs	Gain on investment activities	Operating Surplus/ (deficit)	2014 Operating Surplus/ (deficit) restated
	£ 000	£ 000	£000	£ 000	£ 000
Affordable letting activities (note 4)	191,355	(135,972)	-	55,383	52,022
Other activities (note 5)	9,740	(39,773)	-	(30,033)	(32,087)
Gain on investment activities (note 15)	-	-	6,348	6,348	4,772
Total	201,095	(175,745)	6,348	31,698	24,707
Total for previous reporting period	199,413	(179,478)	4,772	24,707	

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

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

	General Needs £ 000	2015 Supported Housing £ 000	Total £ 000	2014 Total restated £ 000
Rent receivable net of service charges	148,769	2,787	151,556	148,372
Service charges	3,076	58	3,134	3,615
Gross income from rents and service charges	151,845	2,845	154,690	151,987
Less rent losses from voids	(911)	(17)	(928)	(1,166)
Net income from rents and service charges	150,934	2,828	153,762	150,821
Grants released from deferred income	34,708	650	35,358	7,944
Revenue grants from Scottish Ministers	2,193	42	2,235	24,660
Other revenue grants	-	-	-	-
Total turnover from affordable letting activities	187,835	3,520	191,355	183,425
Management and maintenance administration costs	47,193	884	48,077	48,484
Service costs	4,481	84	4,565	4,675
Planned and cyclical maintenance including major repairs costs	21,968	412	22,380	21,637
Reactive maintenance costs	26,270	492	26,762	25,907
Bad debts – rents and service charges	691	13	704	821
Depreciation of affordable let properties	32,868	616	33,484	29,879
Operating costs for affordable letting activities	133,471	2,501	135,972	131,403
Operating surplus for affordable letting activities	54,364	1,019	55,383	52,022
Operating activities for affordable letting activities for the previous reporting period	51,073	949	52,022	

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

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

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

	Grants					2015	2014
	From Scottish Ministers £000	Other Revenue £ 000	Supporting People Income £ 000	Total Turnover £ 000	Total Operating Costs £ 000	Operating Surplus /(Deficit) £ 000	Operating Surplus /(Deficit) restated £ 000
Wider role activities to support the community	-	953	-	953	(14,678)	(13,725)	(17,595)
Other income - Gift Aid	-	913	-	913	-	913	1,990
Investment property activities	-	2,318	-	2,318	(447)	1,871	1,531
Support activities	-	-	1,290	1,290	(1,981)	(691)	(796)
Owners' improvement activities	-	3,125	-	3,125	(3,913)	(788)	(250)
Demolition activities	-	-	-	-	(8,028)	(8,028)	(9,110)
Other income	-	1,141	-	1,141	-	1,141	2,624
Depreciation – Non Social Housing	-	-	-	-	(5,686)	(5,686)	(4,386)
Organisation Restructuring	-	-	-	-	(4,685)	(4,685)	(3,807)
Development & Construction of Property Activities	-	-	-	-	(355)	(355)	(2,288)
Total from other activities	-	8,450	1,290	9,740	(39,773)	(30,033)	(32,087)
Total from other activities for the previous reporting period	4,636	10,062	1,290	15,988	(48,075)	(32,087)	

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

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

6. Board members' emoluments

Board members received £450 (2014: £3,548) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in the Association.

7. Officers' emoluments

	2015	2014
	£ 000	£ 000
Aggregate emoluments payable to senior officers (including pension contributions and benefits in kind)	1,132	1,007
Emoluments payable to the highest paid officer (excluding pension contributions)	241	216

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 £130,000 but not more than £140,000	3	1
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 £160,000 but not more than £170,000	1	-
More than £210,000 but not more than £220,000	-	1
More than £240,000 but not more than £250,000	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.

All six senior officers were in post for the full year.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

8. Employees

In the year to 31 March 2015, the average full time equivalent number of employees of the Association, including senior officers, was 1,545 (2014: 1,568). All staff are employed by the Association with its costs being recharged to the other group companies where appropriate.

	2015	2014
	£ 000	restated £ 000
Staff costs (for the above persons)		
Wages and salaries	42,253	46,118
Social security costs	3,393	3,746
Employer's pension costs	8,162	7,098
	<u>53,808</u>	<u>56,962</u>

9. Profit on sale of fixed assets

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

	2015	2014
	£ 000	£ 000
<u>Right-to-Buy</u>		
Proceeds from disposal of properties	5,964	4,085
Value of properties disposed	(3,931)	(1,869)
Surplus on sale of fixed assets	<u>2,033</u>	<u>2,216</u>

10. Finance income

	2015	2014
	£ 000	restated £ 000
Bank interest receivable on deposits in the year	203	35
Interest on intra group loans	295	-
Total	<u>498</u>	<u>35</u>

11. Finance charges

	2015	2014
	£ 000	restated £ 000
Interest on intra group loans	26,465	21,589
Net change in pension liability	1,929	1,529
Other financing costs	2,648	3,325
Total	<u>31,042</u>	<u>26,443</u>

Other financing costs include commitment, non-utilisation fees, the amortisation of transaction costs of the Association's funding arrangements and the amortised interest on the contingent efficiencies loan.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

12. Auditors' remuneration

	2015	2014
	£000	£000
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	68	56
Other services	-	-

13. Financial commitments

Capital commitments

All capital commitments of the Association were as follows:

	2015	2014
	£000	£000
Expenditure contracted for, but not provided in the financial statements	22,622	51,151
Expenditure authorised by the Board, but not contracted	57,091	23,738
	<u>79,713</u>	<u>74,889</u>

Operating leases

At 31 March 2015 the Association had annual commitments under non-cancellable operating leases as follows:

	2015	2015	2014	2014
	£000	£000	£000	£000
	Land and	Other	Land and	Other
	Buildings		Buildings	restated
			restated	restated
Operating leases that expire:				
Within one year	1,288	487	1,416	534
In the second to fifth years inclusive	3,156	290	4,186	98
Over five years	1,257	-	1,402	-
	<u>5,701</u>	<u>777</u>	<u>7,004</u>	<u>632</u>

Lease commitments have been restated under FRS 102 to include the timing of the full payment due under contract.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

14. Tangible fixed assets

Social Housing Properties

	Core Stock £ 000	Housing Under Construction £ 000	Total £ 000
Cost or Valuation			
At 1 April 2014 (restated)	958,904	24,949	983,853
Additions	44,715	56,451	101,166
Disposals	(3,931)	-	(3,931)
Transfers	35,414	(35,414)	-
Revaluation	(37,842)	-	(37,842)
	<hr/>	<hr/>	<hr/>
At 31 March 2015	997,260	45,986	1,043,246
Accumulated Depreciation			
At 1 April 2014 (restated)	-	-	-
Charge for year	(33,484)	-	(33,484)
Revaluation	33,484	-	33,484
	<hr/>	<hr/>	<hr/>
At 31 March 2015	-	-	-
Net Book Value			
At 31 March 2015	<hr/>	<hr/>	<hr/>
	997,260	45,986	1,043,246
At 1 April 2014 (restated)	<hr/>	<hr/>	<hr/>
	958,904	24,949	983,853
Cost			
At 31 March 2015	<hr/>	<hr/>	<hr/>
	1,267,727	45,986	1,313,713
At 1 April 2014	<hr/>	<hr/>	<hr/>
	1,225,013	24,949	1,249,962

The valuation of social 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 2015-16. The demolition programme identifies 1,336 (2014: 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 102 there is no constructive obligation at the balance sheet date to provide for these costs.

Retained stock for letting has been valued at £997.3million. Housing under construction, with a NBV of £46.0m, is not included within this total.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

14. Tangible fixed assets (continued)

Social 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 2015 on an Existing Use Valuation for Social Housing (EUV-SH). Discount rates between 5.75-6.50% have been used depending on the property archetype (2014: 6.00-6.50 % retained stock). The valuation assumes a rental income increase of RPI + 0.5% for retained stock from year 2, in line with the Association's 30 year Business Plan (2015-16). 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 2014-15 GHA disposed of 157 properties to tenants under RTB entitlements. These properties were valued at £3.9m during the year (2014: £1.9m).

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Group at 31 March 2015 is shown below:

	2015	2014
Social Housing		
General needs	38,159	38,462
Supported housing	715	715
Housing held for long-term letting	38,874	39,177
Housing approved / planned for demolition	1,336	2,222
Total Units	<u>40,210</u>	<u>41,399</u>

The housing valuation has been based on the number of houses held for social letting.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

14. Tangible fixed assets (continued)

Other tangible fixed assets

	Furniture, fittings and equipment £ 000	Computer Equipment £ 000	Total £ 000
Cost or valuation			
At 1 April 2014 (restated)	20,688	29,494	50,182
Additions	2,903	2,912	5,815
Disposals	(8,095)	(4,250)	(12,345)
At 31 March 2015	15,496	28,156	43,652
Accumulated Depreciation			
At 1 April 2014 (restated)	(10,687)	(21,735)	(32,422)
Charge for year	(2,349)	(3,337)	(5,686)
Disposals	2,212	1,287	3,499
At 31 March 2015	(10,824)	(23,785)	(34,609)
Net Book Value			
At 31 March 2015	4,672	4,371	9,043
At 31 March 2014 (restated)	10,001	7,759	17,760

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

15. Investments

Investment Properties

	Properties held for market rent £ 000	Commercial Properties £ 000	Total £ 000
Valuation			
At 1 April 2014 (restated)	4,772	20,493	25,265
Additions	-	181	181
Disposals	-	-	-
Revaluation taken to operating surplus	6,348	-	6,348
At 31 March 2015	11,120	20,674	31,794
Net Book Value			
At 31 March 2015	11,120	20,674	31,794
At 31 March 2014 (restated)	4,772	20,493	25,265

Market rent properties were valued at market value subject to tenancy (MV-T) by an independent professional adviser, Jones Lang LaSalle, on 31 March 2015.

The number of properties held for market rent by the Association at 31 March 2015 was:

	2015	2014
Mid Market Rent Properties		
Total Units	174	110

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. Commercial properties are subject to valuation at least every five years. No further revision was considered appropriate in the year 2014/15.

Investments - other

Due after more than one year:

	2015 £ 000	2014 £ 000
Unsecured subordinated convertible loan due from Lowther Homes Limited	8,387	-

Following a restructuring of Wheatley Housing Group Limited funding arrangements, the nature of the intragroup loan due from Lowther Homes Limited, a related group company, was converted from a debtor into an unsecured subordinated convertible loan. FRS 102 requires that the principal amount and interest payments be fair valued and shown as debt on the balance sheet (note 16). The difference between this and the principal amount of the instrument should be recognised as the fair value of equity component.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

16. Debtors

	2015	2014
	£ 000	restated £ 000
Due in more than one year:		
Development agreement (note 2)	116,276	141,148
Due from other group companies	21,909	27,917
Other	353	461
	<u>138,538</u>	<u>169,526</u>
Due within one year:		
Arrears of rent and service charges	8,637	9,624
Adjustment to discount arrears balances with payment plans to NPV	(101)	(110)
Less: provision for bad and doubtful debts	<u>(2,484)</u>	<u>(3,494)</u>
	6,052	6,020
Prepayments and accrued income	5,798	943
Other debtors	11,325	15,444
Due from other group companies	12,621	2,593
	<u>174,334</u>	<u>194,526</u>
Total	<u>174,334</u>	<u>194,526</u>

Included in debtors is a balance of £116.3m (2014: £141.1m) 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 Glasgow Housing Association Limited 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 when the work is actually undertaken.

17. Creditors: amounts falling due within one year

	2015	2014
	£ 000	restated £ 000
Trade creditors	5,842	2,122
Accruals	23,313	18,265
Deferred income	29,975	38,838
Rent and service charges received in advance	5,714	5,047
Salaries, wages, other taxation and social security	1,916	1,432
Bank overdraft	1,232	5,865
Other creditors	1,736	2,770
Due to other group companies	10,003	120
	<u>79,731</u>	<u>74,459</u>
Total	<u>79,731</u>	<u>74,459</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

17. Creditors: amounts falling due within one year (continued)

The deferred income balance is made up as follows:

	Housing Association Grant £ 000	Secured Repayable Grant £ 000	Other £ 000	Total Deferred Income £ 000
Deferred income as at 31 March 2014 (restated)	22,341	16,497	-	38,838
Additional income received	20,859	-	5,636	26,495
Released to the Statement of Comprehensive Income	(18,861)	(16,497)	-	(35,358)
Deferred income as at 31 March 2015	24,339	-	5,636	29,975

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

Deferred income to be released to the Statement of Comprehensive Income:	2015 £ 000	2014 restated £ 000
In less than one year	29,975	38,838
In more than one year but less than five years	-	-
In more than five years	-	-
	29,975	38,838

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

	2015 £ 000	2014 restated £ 000
Scottish Government contingent efficiencies grant	27,778	26,443
Amount due to group company	583,139	535,492
Other	463	210
Total	611,380	562,145

The Scottish Government made available to The Glasgow Housing Association Limited £100.0m of contingent efficiencies grant over an eight year period. Under this agreement £100.0m (2014: £100.0m) has been received and this is an interest free loan with repayment due in 2040/41. The amount due of £27.8m at 31 March 2015 is the measurement of the liability after discounting for an equivalent interest bearing arrangement with the same repayment date. This treatment is consistent with FRS 102 which requires financial instruments to be measured at amortised cost.

Bank lending facility

During 2014/15 new borrowing arrangements were put in place to replace previous bank loans via a Group facility consisting of bank and capital markets debt, secured on charged properties belonging to each of the RSLs within the Wheatley Housing Group. This facility was made up of a committed facility of £526.0m from a syndicate of commercial banks, a committed facility of £132.5m from the European Investment Bank and £300m raised through the issue of a public bond. This provided total facilities of £958.5m for the RSL borrowing group to further develop new housing.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

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

Bank lending facility (continued)

This facility is provided through Wheatley Funding No1 Limited, a wholly-owned subsidiary of the Wheatley Housing Group Limited, with The Glasgow Housing Association Limited having access to an intra-group facility of £837.6m (2014: £700m), secured on the Association's housing stock.

The Glasgow Housing Association Limited has secured a major portion of its housing stock against this facility, however the remainder of its housing stock and any future new build properties will remain unsecured.

Borrowings are repayable as follows	2015 £ 000	2014 restated £ 000
In less than one year	-	-
In more than one year but less than five years	-	13,734
In more than five years	583,139	521,758
	583,139	535,492

19. Provisions for liabilities and charges

	Development Agreement £ 000	Insurance £ 000	Total £ 000
At 1 April 2014	141,148	1,148	142,296
Created in year	-	-	-
Utilised	(24,872)	(162)	(25,034)
	116,276	986	117,262
At 31 March 2015	116,276	986	117,262

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.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

20. Share capital

	2015	2014
	£	£
Shares of £1 each issued and fully paid		
At 1 April	9	14
Issued during year	4	1
Surrendered during year	(2)	(6)
	<hr/>	<hr/>
At 31 March	11	9

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

21. Reserves

	Revenue reserve	Revaluation reserve	Total
	£ 000	£ 000	£ 000
Opening balance at 1 April 2014 (restated)	247,827	170,906	418,733
Surplus for the year	3,196	-	3,196
Revaluation of housing properties	-	(4,358)	(4,358)
Actuarial gain in respect of pension provision	58,749	-	58,749
	<hr/>	<hr/>	<hr/>
Closing balance at 31 March 2015	309,772	166,548	476,320

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS 102.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

22. Pensions

The 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 with investments under the overall supervision of the Fund Trustees.

The latest full actuarial valuation was carried out as at 31 March 2014. The next full actuarial valuation is due as at 31 March 2017.

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 2015	31 March 2014
Discount rate	3.4%	4.3%
Future salary increases	**2.5%	*5.1%
Inflation	2.0%	2.8%

* Salary increases are assumed to be 2.0% p.a. until 31 March 2016, 1.8% p.a. until 31 March 2018, 5.1% p.a. 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 2015, 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:

- Current pensioner aged 65: 22.1 years (male) (2014 21.0 years), 23.6 years (female) (2014 23.4 years).
- Future retiree upon reaching 65: 24.8 years (male) (2014 23.3 years), 26.2 years (female) (2014 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.

Movements in present value of defined benefit obligation

	2015 £ 000	2014 £ 000
Opening defined benefit obligation	313,304	280,460
Current service cost	10,253	8,619
Interest cost	13,596	12,772
Loss on curtailment	932	1,208
Actuarial (gains)/losses	(27,314)	13,252
Contributions by members	2,445	2,280
Estimated benefits paid	(7,351)	(5,287)
Closing defined benefit obligation	305,865	313,304

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

22. Pensions (continued)

Movements in fair value of plan assets

	2015	2014
	£ 000	£ 000
Opening fair value of plan assets	269,641	246,950
Expected return on plan assets	11,667	11,243
Actuarial gains	31,435	5,584
Contributions by the employer	8,712	8,871
Contributions by the members	2,445	2,280
Estimated benefits paid	(7,351)	(5,287)
Closing fair value of plan assets	316,549	269,641

	2015	2014
	£ 000	£ 000
Present value of funded defined benefit obligations	(305,865)	(313,304)
Fair value of plan assets	316,549	269,641
Net asset/(liability)	<u>10,684</u>	<u>(43,663)</u>

Expense recognised in the statement of comprehensive income

	2015	2014
	£ 000	£ 000
Current service cost	10,253	8,619
Losses on settlements or curtailments	932	1,208
Net interest on net defined benefit obligation	1,929	1,529
	<u>13,114</u>	<u>11,356</u>

The expense is recognised in the following line items in the statement of comprehensive income

	2015	2014
	£ 000	£ 000
Operating costs	(175,376)	179,478
Finance charges	(31,042)	(26,443)

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £58.749m gain (£7.668m loss, 2014).

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

22. Pensions (continued)

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

	2015	2014
	£ 000	£ 000
Equities	237,413	204,927
Corporate bonds	41,151	32,357
Property	34,820	18,875
Cash	3,165	13,482
	<u>316,549</u>	<u>269,641</u>
Actual return on plan assets	43,102	16,826

23. Related party transactions

Members of the Management Board are related parties of the Association as defined by FRS 102.

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

Tenant and factored homeowners Board Members

The following members are tenants or factored homeowners of the Association and have tenancies or factoring agreements that are on the Association's normal terms and they cannot use their positions to their advantage.

Gordon Sloan
 Kate Willis
 Iwona Majzuk-Soska
 Jean Albert Nietcho
 Bernadette Hewitt
 John Grant (resigned)
 Robert McCormick (resigned)

Transactions entered into with members, and rent arrear balances outstanding at 31 March, are as follows:

	2015
	£'000
Rent charged during the year	31
Arrears balances outstanding at 31 March 2015	-

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

23. Related party transactions (continued)

Other related parties

Related part interests and transactions during the year are as follows:

	Invoiced in the year £'000	Year end balance £'000
2015		
Bailie Elizabeth Cameron - Glasgow City Council	(2,894)	(1,117)
Bernadette Hewitt - Barmulloch Community Development Company	(3)	-

All transactions were on commercial terms and at arm's length.

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 serving on the board during the year.

24. Cash Flow Analysis

Cash flow from operating activities	2015 £ 000	2014 restated £ 000
Surplus for the year	3,196	7,144
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	39,170	34,278
(Increase)/decrease in trade and other debtors	(1,581)	(2,174)
Increase/(decrease) in trade and other creditors	18,768	(9,490)
Increase/(decrease) in provisions	(162)	(499)
Pension costs less contribution payments	2,473	956
<u>Adjustments for investing or financing activities:</u>		
Proceeds from the sale of tangible fixed assets	(2,033)	(2,216)
Government grants utilised in the year	(37,593)	(32,604)
Interest payable	31,042	26,443
Interest received	(498)	(35)
Movement in fair value of financial instruments	(9)	-
Gain on investment activities	(6,348)	(4,772)
Reversal of previous decrease in the valuation of housing properties	-	(6,629)
Net cash inflow from operating activities	46,425	10,402

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

25. Prior year adjustments

Adjustments following the adoption of FRS 102:

1) Recognition of grant income

Previously capital grant received was netted off against the cost of housing properties. In line with the Housing SORP 2014 and FRS 102, grant received by the Group is now recognised as income in accordance with the performance model. Grant received in advance of the satisfaction of any performance conditions is held within creditors as deferred income. On the statement of financial position, this has resulted in an increase in the carrying value of housing under construction within housing properties, deferred income balances in creditors and the transfer of grant received from revaluation reserves into revenue reserves. On the statement of consolidated income, the application of the housing valuation on the revised carrying value excluding grant requires a reversal of previous decreases in the valuation to be credited to the surplus for the year. In addition, grant income for completed new build properties is included in turnover for the year and the changes to the accounting for grants increases the annual depreciation charge.

2) Financial instruments

Under FRS 102, financial instruments with a fixed principal repayment and a fixed rate of return are disclosed at amortised cost using the market rate of similar debt instruments (the effective interest rate method). The Contingent Efficiencies Grant, which is classed as a loan repayable by GHA to the Scottish Government in 2040/41 meets these criteria. This initially reduces the carrying amount held in the Statement of Financial Position, with the discount being unwound until maturity through finance charges. The discount rate used was equal to the average weighted cost of capital for the Group.

3) Investment property

Properties held for mid-market and commercial rent were previously held in housing properties and other tangible fixed assets respectively. These have been reclassified as investment properties, since they predominantly have the characteristics of market rather than social rented properties. For mid-market rental properties, this includes being let on short assured tenancies by Lowther Homes, a commercial subsidiary of the Wheatley Group, and a requirement for prospective tenants to be in employment when assessing tenancy applications. These properties are therefore not depreciated but subject to annual revaluation with any gain or loss taken through profit and loss in the Statement of Comprehensive Income. This increases the value of investment properties and reduces the amount of depreciation charged to operating costs.

4) Financing transaction costs

Under FRS 102, financial liabilities are stated inclusive of transaction costs, reducing debtors and reducing long term creditors. Subsequent measurement is made using amortised cost.

5) Fair value of debt with a payment plan.

In line with the Housing SORP 2014, all debt balances with a payment plan in place at the year-end have been measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

6) Holiday pay accrual

In order to fully comply with requirements of the Housing SORP 2014, a review was undertaken to identify any potential holiday pay entitlement liability at the year-end. An adjustment is included in operating costs.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

25. Prior year adjustments (continued)

7) Pension costs

Under FRS 102, costs of defined benefit pension schemes are now calculated based on the return on the net scheme liabilities at the start of the period and shown net in the Statement of Comprehensive Income.

	Number	Reported in 2014 financial statements £'000	Impact of restatement £'000	Restated 2014 figures £'000
<i>Statement of Financial Position</i>				
Social housing properties	1,3	965,417	18,436	983,853
Other tangible fixed assets	3	35,641	(17,881)	17,760
Investment properties	3	-	25,265	25,265
Trade and other debtors	4	213,494	(18,968)	194,526
Cash and cash equivalents	-	19,892	-	19,892
Creditors: amounts falling due within one year	1	(51,685)	(22,774)	(74,459)
Creditors: amounts falling due after more than one year	2,4	(654,560)	92,415	(562,145)
Pension liability	-	(43,663)	-	(43,663)
Other provisions	-	(142,296)	-	(142,296)
Government grant	1	(984)	984	-
Total net assets		341,256	77,477	418,733
Revenue reserve excluding pension reserve	1,2,3,5,6	48,922	242,568	291,490
Pension reserve	-	(43,663)	-	(43,663)
Revaluation reserve	1,3	335,997	(165,091)	170,906
Total reserves		341,256	77,477	418,733
<i>Statement of Comprehensive Income</i>				
Turnover	1	166,756	32,657	199,413
Operating expenditure	1,6	(177,612)	(1,866)	(179,478)
Gain on investment activities	3	-	4,772	4,772
Gain on disposal of fixed assets	-	2,216	-	2,216
Finance income	7	255	(220)	35
Finance charges	2,7	(23,643)	(2,800)	(26,443)
Movement in fair value of financial instruments	5	-	-	-
Reversal of previous decrease in valuation of housing properties	1	-	6,629	6,629
(Deficit)/surplus for the year		(32,028)	39,172	7,144

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (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

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