



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2016

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 2016.

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 1500 staff, who deliver sector-leading frontline services.

Review of Business and Future Developments

Our year at GHA - Annual Highlights 2015-16

It has been an eventful year at GHA as we pushed forward with our ambition to create 'Better homes, better lives and a better Glasgow'.

There have been many highlights, including the completion of new homes at Sighthill, Toryglen and Barmulloch and, of course, the demolition of the iconic Red Road flats which paves the way for further regeneration.

Our parent company, Wheatley Housing Group Ltd also unveiled plans and began preparatory work to form a new Joint Venture with Glasgow City Council as part of our mission to deliver an outstanding repairs service to our customers.

Above all, it was the year in which we worked with our sister organisations in Wheatley to develop a five-year group strategy - Investing In Our Futures.

Investing In Our Futures spells out Wheatley Group's vision and aims between now and 2020. For GHA, this means we're working on ambitious plans to build 4000 homes and investing £200 million in our existing properties and neighbourhoods.

Most importantly, it means listening to people in local communities about what their priorities are. That's exactly what we did as we drew up our local plans, based on the aims of Investing in our Futures, for each of our communities for the next five years. To read our local plans, go to www.gha.org.uk.

Many of the improvements we've introduced this year, from our new online services to the design of our new-build homes, have been shaped directly by the feedback of our customers.

We look forward to engaging with many more people over the next year as we work together to make homes and lives better.

Here are some of our highlights for 2015-16:

Hundreds of new homes

Over the year we completed 519 new affordable homes across our communities.

We also started work on 437 more and have a further 760 in development.

GHA tenants moved into:

- 141 new homes in Sighthill, the first stage of a huge regeneration project which will transform the area
- 157 new homes at Barmulloch which also include an amenity block for tenants who need an extra bit of support

OPERATING REVIEW (continued)

- 100 new homes at North Toryglen, part of the regeneration of the area which will also include homes for private sale, a care home for the elderly and new shops and
- 66 homes at Kingsway in Scotstoun and 55 in Rosemount in the north of the city.

Sighthill and North Toryglen are among eight areas in Glasgow which have been earmarked as priorities for regeneration. Known as Transformational Regeneration Areas (TRAs), plans for these communities are being delivered through a partnership Transforming Communities: Glasgow, made up of Scottish Government, Glasgow City Council and GHA.

Investment work

Over the past year, we invested over £60million in improving our homes. The work included new roofs, overcladding, new heating and replacement kitchens and bathrooms.

The work completed this year means that GHA has, since 2003, now delivered:

- 45,322 central heating systems
- 14,683 new windows
- 47,522 new kitchens
- 47,169 new bathrooms

We have also:

- overclad 40,098 homes, reroofed 38,194 and
- rewired another 44,494 homes.

Warmer homes, cheaper bills

We are working on a number of fronts to tackle fuel poverty in our communities.

A project to fit 500 GHA homes with solar panels has now estimated to have saved tenants in the region of £520k on their energy bills. Tenants who had panels fitted to their roofs benefit from free electricity produced during daylight hours. The panels have also generated more than 3.5million kWh of electricity – the equivalent of making 176 million cups of tea. The panels, launched in 2011, have also helped save more than 1900 tonnes of CO₂ – the same amount of CO₂ as would be produced driving a bus 14,300,000 miles.

Fuel advice slashes bills

Tenants across our communities saved approximately £420k in the past year thanks to our fuel advice service.

Free expert advice from our fuel advisors helps tenants cut their bills and access the cheapest tariffs.

Between 1 April 2015 and 31 March this year, our fuel advisors carried out 2293 visits to GHA tenants at home.

They helped people:

- reduce payments;
- get on a lower tariff;
- apply for a Warm Homes Discount payment; and
- reduce debt.

OPERATING REVIEW (continued)

Red Road and other demolitions

Thousands of people watched as six Red Road multi-storey flats in Glasgow were demolished in an explosive blowdown. Although the blowdown didn't go exactly as predicted, with several of the top storeys left standing on two blocks, all residents were able to return safely to their homes soon after the demolition. The remaining storeys were brought down in just a few weeks by long-reach machinery. Consultation with the local community is already under way about future plans for the site.

Over on the south of Glasgow, multi-storey blocks were reduced to rubble - paving the way for a £5million development of 50 houses. Three high-rise buildings at Tarfside Oval in Cardonald came down in a controlled explosion while a fourth was taken down using an ultra high-reach machine. Work on the new homes is scheduled to begin in late 2016.

Meanwhile, in the Gallowgate, our Whitevale and Bluevale flats were brought down using a new method. The 'TopDownWay' technology – which had been previously used only in France – avoided the need for full-height scaffolding on the 85-metre tall buildings. A platform on top of the building allowed demolition staff to remove walls and floors piece by piece while keeping dust, noise and vibration to a minimum.

Joint venture plans unveiled

We unveiled plans to deliver our repairs and maintenance service through a new joint venture with Glasgow City Council.

Our parent company, Wheatley Group, will become a 50:50 joint owner and partner in City Building Glasgow LLP, the council's current wholly-owned subsidiary. As well as delivering a £33 million a year (excluding VAT) repairs service for Wheatley, the joint venture will be responsible for GHA's £27m annual capital investment programme and the City Council's own repairs, worth £30 million annually.

The number-one priority is to ensure tenants and factored homeowners continue to receive an outstanding repairs service and the new joint venture represented the best opportunity to do that.

We already have a strong and productive working relationship with City Building, which holds the current contract to deliver GHA's repairs service. Details of how the joint venture will operate are being worked through with the aim of having everything in place in 2017.

Improving performance

We achieved a strong business performance over the year, maintaining good results in many of the areas where we already excelled and improving in others.

Some of the highlights for 2015/16 at GHA include:

- overall customer satisfaction maintained at 90%
- tenants who feel their rent represents good value for money up from 75% to 81%
- complaints responded to within Scottish Public Service Ombudsman (SPSO) timescales up from 90% to 96%
- 99.9% of repairs appointments were kept and repairs completed right first time maintained at 95%
- average length of time to relet a home maintained at just over 14 days
- strong rent collection performance with gross rent arrears at 3.9%.

At GHA, over 98% of homes now reach the Scottish Housing Quality Standard. The remainder of the properties are categorised as exemptions in line with the Scottish Housing Regulator's guidance.

OPERATING REVIEW (continued)

Jobs and training

We created 219 jobs and training opportunities for GHA customers over the year as part of our drive to support tenants to lead better lives.

We create jobs and training through employability schemes, Modern Apprenticeships and through clauses in our new-build and investment contracts which require contractors to provide employment opportunities for local people.

We also create opportunities through our Wheatley Pledge scheme, which incentivises contractors and suppliers to do more for our communities.

Across our parent organisation Wheatley Group, we created a total of 564 jobs and training places for people in our communities over the year.

Customers have a real say

Tenants are at the heart of what we do and we want to give them real influence in local decisions. Our Area Committees, made up of tenants and other community representatives, in the North East, North West and South each distributed £1.5million of funding to grassroots projects aimed at making neighbourhoods better and safer. They allocated money to everything from upgrades for paths, lighting and bin storage areas to sports projects for young people and pensioners' parties.

Tenants also got involved in influencing our services through our network of 15 local committees, our scrutiny panel and inspection teams.

Our African Forum and Polish Forum continued to bring people from communities of interest together to discuss what matters to them.

Online services

More than 1500 tenants have signed up for our new improved online services which went live in summer 2015.

Tenants can now see their account, with details of all their payments and charges, as well as pay their rent or other bills, book a repair or request other services.

The online services are part of our drive to give people more choice about how they get in touch and transact with us.

Once registered, tenants carried out a total of 8,181 interactions on the new online channel and made £700,000 of payments towards their bills.

Top marks for sheltered housing

Care inspectors gave our sheltered housing service a glowing report. Our services were praised for performing at a 'very good level with areas of excellent practice'. The Care Inspectorate, which regulates and inspects care services in Scotland, looked at key areas of the housing support service during the validation inspection. Tenants were interviewed and completed questionnaires as part of the inspection. Tenants told the inspector staff that GHA 'always go the extra mile' and they were regularly asked their views of the service. Inspectors praised the way the service communicates with tenants and the range of leisure and social activities on offer, including the 'Sheltered Housing's Got Talent' competition, bake-offs and also knitting, art and cooking sessions.

We run 21 sheltered housing complexes throughout Glasgow and two very sheltered housing complexes with extended operating hours for our most vulnerable tenants.

OPERATING REVIEW (continued)

Customer service excellence

Our focus on customer service excellence was again recognised this year when Wheatley Group was awarded accreditation to a prestigious UK scheme.

Wheatley gained Customer Service Excellence (CSE) accreditation - the national standard for excellence in customer service in public sector organisations - with one of the best ratings in the scheme's history.

CSE accreditation is overseen by the UK Government's Cabinet Office and recognises how organisations serve the people they work for.

GHA was part of the assessment which saw Wheatley awarded 16 ratings of Compliance Plus and 34 ratings of Full Compliance. It is understood that only one other organisation has achieved a higher number of Compliance Plus ratings in the history of the Standard.

GHA was previously awarded CSE accreditation in its own right six years in a row.

Click and connect

We continued to increase the number of Click and Connect centres in our communities with over 30 now open to the public.

New centres opened this year at Milton, Castlemilk and Knightswood.

Click & Connect provides free computer facilities and support classes in some of Scotland's poorest communities. Expert advice is on hand to help people log-on to job sites, create a CV, get online shopping discounts, pay their rent and access online benefit forms and accounts.

The centres are a partnership between Glasgow Kelvin College, Wheatley Group and others. The Castlemilk centre was the first to be opened in one of Glasgow's libraries and was a partnership with Glasgow Life.

Handyperson service a hit

Tenants are loving getting a helping hand with odd jobs around the home.

Our Handyperson service is there to help tenants who are over 60 or disabled with small jobs around the home.

It proved a big hit this year with 1494 people using the service between 1 April 2015 and 31 March 2016 and 6754 jobs carried out.

Jobs ranged from hanging curtains to plumbing in washing machines and assembling flat-pack furniture.

Independent auditors

The directors appointed PricewaterhouseCoopers LLP to act as auditors of the financial statements for the financial year ended 31 March 2016. In accordance with Section 489 of the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

FINANCIAL REVIEW

Income

Turnover recognised in the Statement of Comprehensive Income in the year was £191.6m (2015: £201.1m). Of this total, 82.2% or £157.5m (2015: £153.8m and 76.5%) of this was generated through rental and service charge income (net of void losses). The remainder included:

- £23.6m of grant income recognised on the completion of new build properties (2015: £35.4m);
- £3.8m of commercial property income (2015: £2.3m);
- £2.8m of income in relation to improvements to homeowners' properties (2015: £3.1m);
- £1.3m of gift aid received from YourPlace Property Management Limited, a commercial business within the Wheatley Housing Group (2015: £0.9m).

Expenditure

Operating costs for the year amounted to £167.7m, £8.0m lower than the previous financial year (2015: £175.7m). The main items of expenditure were as follows:

- Letting activity management costs of £47.4m (2015: £48.1m);
- Planned repair and reactive maintenance costs of £18.8m and £27.5m respectively (2015: £22.4m and £26.8m);
- Total depreciation costs of £40.1m (2015: £39.2m);
- Demolition costs of £7.2m (2015: £8.0m); and
- Costs associated with our wider role in supporting communities of £13.8m (2015: £14.7m).

The Association generated an operating surplus of £23.9m (2015: £31.7m) in the year after taking account of gains on the revaluation of investment properties held.

The Association had a net asset position in the Statement of Financial Position of £482.9m at the year-end (2015: £476.3m).

Cashflows

The cash flow statement of the Association is shown on page 18. GHA generated £46.5m from operating activities, an increase of £0.1m from the prior year. Cash and cash equivalents in the year reduced by £0.1m (reduced by £8.1m in 2015).

Liquidity

The Association's net current assets as at 31 March 2016 totalled £106.5m (2015: £101.8m). The £4.7m movement in the year has been driven by the release of deferred income to the Statement of Comprehensive Income in the year thereby reducing the liability on the Statement of Financial Position. The Association has drawn down on its lending facility in the year to further invest in its existing stock and on its new build programme. Creditors due after more than one year have therefore increased to £685.9m from £611.4m.

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, a related entity, 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 £60.2m in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £1,079.0m (2015: £1,043.2m)

New Build

During the financial year we completed 519 new build properties across five developments. Our new build programme invested £27.4m 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.

Reserves Policy

Under the Statement of Recommended (Accounting) Practice ("SORP") 2014 and Financial Reporting Standard ("FRS") 102, the Association operates with three principal reserves: a revenue reserve, a revaluation reserve and a pension reserve.

Revenue reserve

Revenue reserves include historic grant received in respect of the following:

- new build housing properties
- specific projects for which subsidy has been received, such as investment in the energy efficiency of our homes
- support received from the Scottish Government as part of establishing the viability of the Association's business plan under the original stock transfer arrangements

These grants have been invested for the specific purposes prescribed in the related grant conditions, with this activity typically resulting in an increase in the value of housing properties in the Association's Statement of Financial Position. The Association has no ability to realise new cash from this element of reserves, since selling the related assets which were constructed or improved with the grant funds would trigger clawback conditions and require repayment of grant to the Scottish Government or other grant providers. Furthermore, it is not the Association's policy to sell social housing assets; on the contrary, continuing to own and support these while providing excellent services to customers is core to the Association's charitable purpose.

The revenue reserve includes revaluation gains on investment properties, including the Association's portfolio of commercial properties and its ownership of mid-market rent homes which are leased to and managed by Lowther Homes. Under FRS 102, gains or losses on investment properties must be taken to profit and loss, and therefore form part of the general revenue reserve. These gains are not available to be realised in cash, since selling the Association's interest in mid-market rent properties would trigger grant clawback and would run counter to the Association's core charitable objective of supporting the provision of a range of affordable housing solutions to be provided for its customers.

The residual amount of revenue reserves, not represented by grant or gains on investment properties, may be invested by the Association in line with its 30-year business plan financial projections. Such investment is subject to the Association maintaining a viable financial profile over the life of its business plan, as well as approval by the Wheatley Group Board. In approving the Association's business plan annually, the Wheatley Group Board will take into account projected compliance with the loan covenants which apply to the Wheatley RSL Borrower Group, as well as the impact of sensitivity analysis and other risk factors which may apply.

Revaluation reserve

The revaluation reserve represents the increase in valuation which has occurred over and above the cost of additions to the Association's property (other than investment property). This reserve is therefore also not realisable, on the basis that to do so would involve selling social housing assets and would therefore undermine the Association's core charitable purpose.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

Pension reserve

The pension reserve is not a cash reserve available for investment. It represents the amount by which the actuarial valuation of the Association's share of pension assets exceeds or is less than its notional pension liabilities. Under FRS 102, the reserve contained within the Statement of Financial Position assumes a continuing membership of the pension scheme. Withdrawing from the scheme in order to attempt to realise any surplus would involve liabilities being revalued onto an "exit" basis, with a significant additional premium attached to compensate the pension fund for the risk of reduced membership and inability to seek future contributions from the related members.

Notwithstanding this issue, it is the Association's intention to continue membership of the Strathclyde Pension Fund on a long-term basis.

Principal risks facing the Association

The Board are responsible for assessing the risks facing The Glasgow Housing Association. As a subsidiary of Wheatley Housing Group, the principal risks are broadly similar to those facing the Group and can be seen in the consolidated financial statements of the Group.

By order of the Board



Gordon Sloan, Chair
31 August 2016

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2016 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 2016 there were 11 members (2015, 11 members) of the GHA Board: 6 tenant members, 2 independents and 2 council Board members. The Board had no co-optees at 31 March 2016.

Each member of the Board holds one fully paid £1 share that is cancelled on cessation of membership. During 2015-16 3 shares were issued and 3 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 (Tenant member)	23 March 2009	24 September 2015	-	The Glasgow Housing Association (Funding) Limited (Non-Executive Director) Wheatley Enterprises Limited (Non-Executive Director) Wheatley Housing Group Limited (Non-Executive Director) Lowther Homes Limited (Non-Executive Director) Wheatley Solutions Limited Group Audit Committee Group Strategic Development Committee Group Remuneration, Appointments, Appraisal and Governance Committee Advisory Group
Kathleen Willis (Tenant member)	9 September 2009	24 September 2015	-	GHA (Management) Limited (Non-Executive Director) Wheatley Housing Group Limited South Area Committee (Member)
Elizabeth Walford (Independent member)	17 August 2009	24 April 2013	-	The Glasgow Housing Association (Funding) Limited (Non-Executive Director) YourPlace Property Management Limited (Chairperson) GHA (Management) Limited (Non-Executive Director of dormant company) Wheatley Housing Group Limited (Non-Executive Director) Group Audit Committee Group Strategic Development Committee Advisory Group

**GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS
(continued)**

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
William Michael Blyth (Independent member)	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), Wheatley Funding No.2 Limited Wheatley Group Capital plc, Group Audit Committee Group Strategic Development Committee Group Remuneration, Appointments, Appraisal and Governance Committee
Sheila Gunn (Independent member)	25 November 2011	5 September 2012	1 May 2015	Wheatley Enterprises Limited (Non-Executive Director) YourPlace Property Management Limited, (Non-Executive Director) Wheatley Housing Group Limited (Non-Executive Director), The Wheatley Foundation Limited, Wheatley Solutions Limited Group Audit Committee Group Strategic Development Committee Group Remuneration, Appointments, Appraisal and Governance Committee, Advisory Group
Robert Turnbull (Co-optee)	4 April 2012	26 September 2013	24 September 2015	
Robert Granger Geddes (Tenant member)	30 October 2015			
Bailie Elizabeth Cameron (Glasgow City Council appointee)	14 February 2014	-	4 November 2015	
Councillor George Redmond (Glasgow City Council appointee)	4 November 2015	-	-	
Councillor Kenny McLean (Glasgow City Council appointee)	30 May 2014	-	-	
Bernadette Hewitt (Tenant member)	30 May 2014	-	-	North East Area Committee
Iwona Majzuk Soska (Tenant member)	30 May 2014	-	-	North West Area Committee
Jean Albert Nietcho (Tenant member)	25 September 2014	-	-	
Josephine Armstrong (Independent member)	26 August 2015	-	-	Wheatley Housing Group Limited (Non-Executive Director), Group Audit Committee Group Strategic Development Committee

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS (continued)

Political donations

No political 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.

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

The directors acknowledge their responsibility for ensuring that the company has in place systems of control that are appropriate to its business environment. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information within the Association, or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition.

The systems of internal financial control, which are under regular review, are designed to manage rather than to eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

The key procedures which have been established are as follows:

- Detailed standing orders covering Board structure, election, membership and meetings;
- Financial regulations and procedures with clear authorisation limits;
- Regular Board meetings, focusing on areas of concern, reviewing management reports;
- Audit and Compliance reporting focussing on areas of concern and reviewing management reports;
- Regular review of cashflow and loan portfolio performance;
- Regular review of tendering process, rent accounting, arrears control and treasury management;
- Segregation of duties of those involved in finance;
- Identification and monitoring of key risks by the management committee; and
- Monitoring the operation of the internal financial control system by considering regular reports from management, internal and external auditors and ensuring appropriate corrective action is taken to address any weaknesses.

The directors confirm that they have reviewed the effectiveness of the systems of internal control. No weaknesses have been found which would have resulted in material losses, contingencies or uncertainties which require to be disclosed in the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board is responsible for preparing the Annual Report and the financial statements (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 Association 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 FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" has 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 2014, 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 Association'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
31 August 2016

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

REPORT BY THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE GLASGOW HOUSING ASSOCIATION LIMITED ON THE STATEMENT ON INTERNAL FINANCIAL CONTROL

In addition to our audit of the Financial Statements, we have examined the Association's Statement on Internal Financial Control on page 12 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important Registered Social Landlords in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of opinion

We carried out our examination having regard to the guidance on corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council, through enquiry of certain members of the Board and officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 12 has provided the disclosures required by the relevant Regulatory Standards for systemically important Registered Social Landlords within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Glasgow
31 August 2016

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 2016 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, the Determination of Accounting Requirements 2014, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

What we have audited

The financial statements comprise:

- the registered provider's statement of financial position as at 31 March 2016;
- the registered provider's statement of comprehensive income and statement of changes in reserves for the year then ended;
- the registered provider's statement of cash flows for the year then ended; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements 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.

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
- 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 financial statements are not in agreement with the books of account.

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 Directors' Responsibilities set out on page 13, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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) 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 audit 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 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.



Lindsey Paterson (Senior Statutory Auditor)
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow
31 August 2016

**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.

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

	Notes	Total 2016 £ 000	Total 2015 £ 000
Turnover	3	191,642	201,095
Operating expenditure	3	(167,679)	(175,745)
Gain on investment activities	3	901	6,348
Operating surplus		24,864	31,698
Gain on disposal of fixed assets	9	2,620	2,033
Finance income	10	2,256	498
Finance charges	11	(37,823)	(31,042)
Movement in fair value of financial instruments		2,276	9
(Deficit)/surplus for the year	21	(5,807)	3,196
Unrealised deficit on the revaluation of housing properties	21	(9,934)	(4,358)
Actuarial gain in respect of pension schemes	22	22,348	58,749
Total comprehensive income for the year		6,607	57,587

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2016**

	Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2014	247,827	170,906	418,733
Surplus for the year	3,196	-	3,196
Unrealised deficit on the revaluation of housing properties	-	(4,358)	(4,358)
Actuarial gain in respect of pension schemes	58,749	-	58,749
Balance at 31 March 2015	309,772	166,548	476,320
Deficit for the year	21 (5,807)	-	(5,807)
Unrealised deficit on the revaluation of housing properties	21 -	(9,934)	(9,934)
Actuarial gain in respect of pension schemes	22 22,348	-	22,348
Balance at 31 March 2016	326,313	156,614	482,927


All amounts relate to continuing operations.

The notes on pages 21 to 43 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	<i>Notes</i>	2016 £ 000	2015 £ 000
Fixed assets			
Social housing properties	14	1,078,978	1,043,246
Other tangible fixed assets	14	12,984	9,043
Investment properties	15	32,876	31,794
Investments - other	15	8,387	8,387
		<u>1,133,225</u>	<u>1,092,470</u>
Pension asset	22	31,432	10,684
Current assets			
Trade and other debtors	16	156,923	174,334
Cash and cash equivalents		5,908	7,205
		<u>162,831</u>	<u>181,539</u>
Creditors: amounts falling due within one year	17	(56,285)	(79,731)
		<u>106,546</u>	<u>101,808</u>
Net current assets			
		1,271,203	1,204,962
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	18	(685,869)	(611,380)
		<u>585,334</u>	<u>593,582</u>
Provisions for liabilities			
Other provisions	19	(102,407)	(117,262)
Total net assets		<u>482,927</u>	<u>476,320</u>
Reserves			
Share capital	20	-	-
Revenue reserve excluding pension reserve		294,881	299,088
Pension reserve	22	31,432	10,684
Revenue reserve including pension reserve	21	326,313	309,772
Revaluation reserve	21	156,614	166,548
Total reserves		<u>482,927</u>	<u>476,320</u>

These financial statements were approved by the Board on 19th August 2016 and were signed on its behalf on 31 August 2016 by:


Gordon Sloan
Chair


Kate Willis
Director


Kirsten Craig
Secretary

The notes on pages 21 to 43 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	<i>Notes</i>	2016 £000	2015 £000
Net cash generated from operating activities	24	<u>46,469</u>	<u>46,425</u>
Cash flow from investing activities			
Improvement of properties – housing stock	14	(60,203)	(44,715)
New build		(25,946)	(55,111)
Purchase of other fixed assets	14	(7,116)	(5,815)
Improvement of properties – investment	15	(2)	(181)
Right-to-buy proceeds	9	7,424	5,964
Convertible debt instrument issued to Lowther Homes Limited		-	(30,000)
Repayment of intercompany loan with Lowther Homes Limited		-	27,917
Grants received		11,959	28,730
Finance income		<u>1,926</u>	<u>203</u>
		(71,958)	(73,008)
Cash flow from financing activities			
Finance charges		(38,226)	(24,735)
Financing draw down		<u>63,650</u>	<u>43,264</u>
		25,424	18,529
Net change in cash and cash equivalents		<u>(65)</u>	<u>(8,054)</u>
Cash and cash equivalents at beginning of the year		5,973	14,027
Cash and cash equivalents at end of the year		5,908	5,973
Cash and cash equivalents at 31 March			
Cash		5,908	7,205
Bank overdraft		<u>-</u>	<u>(1,232)</u>
		<u>5,908</u>	<u>5,973</u>

The notes on pages 21 to 43 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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 2014. 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 financial statements have been prepared on a going concern basis after consideration of the future prospects for the Association 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 Practice 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 2016 (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.

Financial Instruments

Loans provided by Wheatley Funding Number 1 Limited (“WFL1”) are classed as basic financial instruments 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. All financial assets and liabilities are held at amortised cost.

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 (“EUVS-H”) 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 2016 (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.

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
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 statement of financial position as under FRS 102 there is no constructive obligation at the date of the statement of financial position to provide for these costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (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 date of the Statement of Financial Position 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 which 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 2016 (continued)**

2. Accounting policies (continued)

	Economic Life
Furniture, fittings and office equipment (cost)	5 yrs
Computer equipment (cost)	3 – 7 yrs

Provisions

The Association only provides for liabilities at the date of the Statement of Financial Position 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 Statement of Financial Position 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	2016 Operating Costs	Gain on investment activities	Operating Surplus/ (deficit)	2015 Operating Surplus/ (deficit)
	£ 000	£ 000	£000	£ 000	£ 000
Affordable letting activities (note 4)	181,095	(135,350)	-	45,745	55,383
Other activities (note 5)	10,547	(32,329)	-	(21,782)	(30,033)
Gain on investment activities (note 15)	-	-	901	901	6,348
Total	191,642	(167,679)	901	24,864	31,698
Total for previous reporting period	201,095	(175,745)	6,348	31,698	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

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

	General Needs £ 000	2016 Supported Housing £ 000	Total £ 000	2015 Total £ 000
Rent receivable net of service charges	152,982	2,840	155,822	151,556
Service charges	2,545	47	2,592	3,134
Gross income from rents and service charges	155,527	2,887	158,414	154,690
Less rent losses from voids	(909)	(17)	(926)	(928)
Net income from rents and service charges	154,618	2,870	157,488	153,762
Grants released from deferred income	23,177	430	23,607	35,358
Revenue grants from Scottish Ministers	-	-	-	2,235
Other revenue grants	-	-	-	-
Total turnover from affordable letting activities	177,795	3,300	181,095	191,355
Management and maintenance administration costs	46,490	864	47,354	48,077
Service costs	3,440	64	3,504	4,565
Planned and cyclical maintenance including major repairs costs	18,494	343	18,837	22,380
Reactive maintenance costs	27,026	502	27,528	26,762
Bad debts – rents and service charges	1,153	21	1,174	704
Depreciation of affordable let properties	36,280	673	36,953	33,484
Operating costs for affordable letting activities	132,883	2,467	135,350	135,972
Operating surplus for affordable letting activities	44,912	833	45,745	55,383
Operating activities for affordable letting activities for the previous reporting period	54,364	1,019	55,383	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

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

					2016	2015	
	Grants 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) £ 000
Wider role activities to support the community	469	438	-	907	(13,842)	(12,935)	(13,725)
Other income - Gift Aid	-	1,287	-	1,287	-	1,287	913
Investment property activities	-	3,771	-	3,771	(438)	3,333	1,871
Support activities	-	-	761	761	(1,754)	(993)	(691)
Owners' improvement activities	-	2,805	-	2,805	(4,485)	(1,680)	(788)
Demolition activities	-	-	-	-	(7,162)	(7,162)	(8,028)
Other income	-	1,016	-	1,016	-	1,016	1,141
Depreciation – Non Social Housing	-	-	-	-	(3,175)	(3,175)	(5,686)
Organisation Restructuring	-	-	-	-	(1,187)	(1,187)	(4,685)
Development & Construction of Property Activities	-	-	-	-	(286)	(286)	(355)
Total from other activities	469	9,317	761	10,547	(32,329)	(21,782)	(30,033)
Total from other activities for the previous reporting period	-	8,450	1,290	9,740	(39,773)	(30,033)	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

6. Board members' emoluments

Board members received £5,847 (2015: £450) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in the Association.

7. Officers' emoluments

	2016	2015
	£ 000	£ 000
Aggregate emoluments payable to senior officers (including pension contributions and benefits in kind)	1,175	1,132
Emoluments payable to the highest paid officer (excluding pension contributions)	236	241

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	-	-
More than £70,000 but not more than £80,000	-	-
More than £90,000 but not more than £100,000	-	-
More than £110,000 but not more than £120,000	-	-
More than £130,000 but not more than £140,000	-	3
More than £140,000 but not more than £150,000	3	1
More than £150,000 but not more than £160,000	1	-
More than £160,000 but not more than £170,000	1	1
More than £210,000 but not more than £220,000	-	-
More than £230,000 but not more than £240,000	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 2016 (continued)**

8. Employees

In the year to 31 March 2016, the average full time equivalent number of employees of the Association, including senior officers, was 1,497 (2015: 1,545). All staff are employed by the Association with its costs being recharged to the other group companies where appropriate.

	2016	2015
	£ 000	£ 000
Staff costs (for the above persons)		
Wages and salaries	40,660	42,253
Social security costs	3,867	3,393
Employer's pension costs	8,117	8,162
	<u>52,644</u>	<u>53,808</u>

9. Profit on sale of fixed assets

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

	2016	2015
	£ 000	£ 000
<u>Right-to-Buy</u>		
Proceeds from disposal of properties	7,424	5,964
Value of properties disposed	<u>(4,804)</u>	<u>(3,931)</u>
Surplus on sale of fixed assets	<u>2,620</u>	<u>2,033</u>

10. Finance income

	2016	2015
	£ 000	£ 000
Bank interest receivable on deposits in the year	26	203
Interest on intra group loans	1,900	295
Net change in pension liability (note 22)	330	-
Total	<u>2,256</u>	<u>498</u>

11. Finance charges

	2016	2015
	£ 000	£ 000
Interest on intra group loans	36,516	26,465
Net change in pension liability (note 22)	-	1,929
Other financing costs	1,307	2,648
Total	<u>37,823</u>	<u>31,042</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 2016 (continued)**

12. Auditors' remuneration

	2016	2015
	£000	£000
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	68	68
Other services	33	-

13. Financial commitments

Capital commitments

All capital commitments of the Association were as follows:

	2016	2015
	£000	£000
Expenditure contracted for, but not provided in the financial statements	29,899	22,622
Expenditure authorised by the Board, but not contracted	46,012	57,091
	75,911	79,713

Operating leases

At 31 March 2016 the Association had annual commitments under non-cancellable operating leases as follows:

	2016	2016	2015	2015
	£000	£000	£000	£000
	Land and	Other	Land and	Other
	Buildings		Buildings	
Operating leases that expire:				
Within one year	1,007	84	1,288	487
In the second to fifth years inclusive	2,602	42	3,156	290
Over five years	381	-	1,257	-
	3,990	126	5,701	777

Lease commitments under FRS 102 include the timing of the full payment due under contract.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

14. Tangible fixed assets

Social Housing Properties

	Core Stock £ 000	Housing Under Construction £ 000	Total £ 000
Valuation			
At 1 April 2015	997,260	45,986	1,043,246
Additions	60,203	27,399	87,602
Disposals	(4,804)	-	(4,804)
Transfers	49,328	(49,507)	(179)
Revaluation	(46,887)	-	(46,887)
	<hr/>	<hr/>	<hr/>
At 31 March 2016	1,055,100	23,878	1,078,978
Accumulated Depreciation			
At 1 April 2015	-	-	-
Charge for year	(36,953)	-	(36,953)
Revaluation	36,953	-	36,953
	<hr/>	<hr/>	<hr/>
At 31 March 2016	-	-	-
Net Book Value - Valuation			
At 31 March 2016	<hr/>	<hr/>	<hr/>
	1,055,100	23,878	1,078,978
At 31 March 2015	<hr/>	<hr/>	<hr/>
	997,260	45,986	1,043,246
Net Book Value - Cost			
At 31 March 2016	<hr/>	<hr/>	<hr/>
	1,335,501	23,878	1,359,379
At 31 March 2015	<hr/>	<hr/>	<hr/>
	1,267,727	45,986	1,313,713

Additions to Core Stock of £60,203k in the year include:

- £4,521k in relation to the replacement of components; and
- £55,682k on the improvement of components.

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 2016-17. The demolition programme identifies 340 (2015: 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 Statement of Financial Position as under FRS 102 there is no constructive obligation at the date of the Statement of Financial Position to provide for these costs.

Retained stock for letting has been valued at £1,055.1million. Housing under construction, with a NBV of £23.9m, is not included within this total.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (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 RCIS at 31 March 2016 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 (2015: 5.75-6.50 % retained stock). The valuation assumes a rental income increase of inflation + 0.5% for retained stock for the next 3 years, in line with the Association's 30 year Business Plan (2016-17). 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 2015-16 GHA disposed of 191 properties to tenants under RTB entitlements. These properties were valued at £4.8m during the year (2015: £3.9m).

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Group at 31 March 2016 is shown below:

	2016	2015
Social Housing		
General needs	38,520	38,159
Supported housing	715	715
Housing held for long-term letting	39,235	38,874
Housing approved / planned for demolition	340	1,336
Total Units	<u>39,575</u>	<u>40,210</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 2016 (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 2015	15,496	28,156	43,652
Additions	6,681	435	7,116
At 31 March 2016	22,177	28,591	50,768
Accumulated Depreciation			
At 1 April 2015	(10,824)	(23,785)	(34,609)
Charge for year	(2,626)	(549)	(3,175)
At 31 March 2016	(13,450)	(24,334)	(37,784)
Net Book Value			
At 31 March 2016	8,727	4,257	12,984
At 31 March 2015	4,672	4,371	9,043

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

15. Investments

Investment Properties

	Properties held for market rent £ 000	Commercial Properties £ 000	Total £ 000
Valuation			
At 1 April 2015	11,120	20,674	31,794
Additions	-	2	2
Transfers from core housing stock	179	-	179
Revaluation taken to operating surplus	901	-	901
At 31 March 2016	12,200	20,676	32,876
Net Book Value			
At 31 March 2016	12,200	20,676	32,876
At 31 March 2015	11,120	20,674	31,794

Market rent properties were valued at market value subject to tenancy (MV-T) by an independent professional adviser, Jones Lang LaSalle, on 31 March 2016.

The number of properties held for market rent by the Association at 31 March 2016 was:

	2016	2015
Mid Market Rent Properties		
Total Units	181	174

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.

Investments - other

Due after more than one year:

	2016 £ 000	2015 £ 000
Unsecured subordinated convertible loan due from Lowther Homes Limited	8,387	8,387

GHA has an unsecured subordinated convertible loan with Lowther Homes Limited, a related group company. 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 2016 (continued)**

16. Debtors

	2016	2015
	£ 000	£ 000
Due in more than one year:		
Development agreement (note 2)	101,466	116,276
Due from other group companies	22,873	21,909
Other	169	353
	<u>124,508</u>	<u>138,538</u>
Due within one year:		
Arrears of rent and service charges	9,702	8,637
Adjustment to discount arrears balances with payment plans to NPV	(26)	(101)
Less: provision for bad and doubtful debts	(2,100)	(2,484)
	<u>7,576</u>	<u>6,052</u>
Prepayments and accrued income	4,260	5,798
Other debtors	13,432	11,325
Due from other group companies	7,147	12,621
	<u>156,923</u>	<u>174,334</u>
Total	<u>156,923</u>	<u>174,334</u>

Included in debtors is a balance of £101.5m (2015: £116.3m) in respect of the expected cost of the development work that Glasgow City Council has committed to undertake in order to refurbish the housing stock transferred to the Association. 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.

The balance due from other group companies in more than one year relates to the unsecured subordinated convertible loan with Lowther Homes Limited (note 15). This debt was issued in November 2014 with a 7 year term. Interest on this instrument has been charged at 4.65% in the year (2015: 4.91%).

Amounts owed by group undertakings and due within one year are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17. Creditors: amounts falling due within one year

	2016	2015
	£ 000	£ 000
Trade creditors	6,543	5,842
Accruals	23,246	23,313
Deferred income (note 18)	7,680	29,975
Rent and service charges received in advance	5,928	5,714
Salaries, wages, other taxation and social security	986	1,916
Bank overdraft	-	1,232
Other creditors	3,514	1,736
Due to other group companies	8,388	10,003
	<u>56,285</u>	<u>79,731</u>
Total	<u>56,285</u>	<u>79,731</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

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

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	2016	2015
	£ 000	£ 000
Scottish Government contingent efficiencies grant	26,980	27,778
Deferred income	9,651	-
Amount due to group company	648,775	583,139
Other	463	463
Total	685,869	611,380

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 (2015: £100.0m) has been received and this is an interest free loan with repayment due in 2040/41. The amount due of £27.0m at 31 March 2016 (2015: £27.8m) 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

Borrowing arrangements are in place 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 RSLs within the Wheatley Group to develop new housing. This facility is provided through Wheatley Funding No1 Ltd, a wholly-owned subsidiary of the Wheatley Housing group Limited, with GHA having access to an intra-group facility of £837.6m, secured on its housing stock. Interest in the year has been charged at 5.38% (2015: 5.05%).

Deferred Income

The deferred income balance is made up as follows:

	Housing Association Grant £ 000	Other £ 000	Total Deferred Income £ 000
Deferred income as at 1 April 2015	24,339	5,636	29,975
Additional income received	10,383	1,576	11,959
Released to the Statement of Comprehensive Income	(23,607)	(996)	(24,603)
Deferred income as at 31 March 2016	11,115	6,216	17,331

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

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

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:	2016 £ 000	2015 £ 000
In less than one year (note 17)	7,680	29,975
In more than one year but less than five years	9,651	-
In more than five years	-	-
	<u>17,331</u>	<u>29,975</u>

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 (2015: £837.6m), 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:	2016 £ 000	2015 £ 000
In less than one year	-	-
In more than one year but less than five years	1,102	-
In more than five years	647,673	583,139
	<u>648,775</u>	<u>583,139</u>

19. Provisions for liabilities and charges

	Development Agreement £ 000	Insurance £ 000	Total £ 000
At 1 April 2015	116,276	986	117,262
Created in year	-	-	-
Utilised	(14,810)	(45)	(14,855)
	<u>101,466</u>	<u>941</u>	<u>102,407</u>
At 31 March 2016			

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 2016 (continued)**

20. Share capital

	2016	2015
	£	£
Shares of £1 each issued and fully paid		
At 1 April	11	9
Issued during year	3	4
Surrendered during year	(3)	(2)
	<hr/>	<hr/>
At 31 March	11	11

Share capital does not carry any voting rights or rights to dividend payments.

21. Reserves

	Revenue reserve £ 000	Revaluation reserve £ 000	Total £ 000
Opening balance at 1 April 2015	309,772	166,548	476,320
Deficit for the year	(5,807)	-	(5,807)
Revaluation of housing properties	-	(9,934)	(9,934)
Actuarial gain in respect of pension provision	22,348	-	22,348
	<hr/>	<hr/>	<hr/>
Closing balance at 31 March 2016	326,313	156,614	482,927

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (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 2016	31 March 2015
Discount rate	3.8%	3.4%
Future salary increases	*2.5%	**2.5%
Inflation	2.1%	2.0%

* Salary increases are assumed to be 2.0% p.a. until 31 March 2019, 1.8% p.a. until 31 March 2018, reverting to the long term assumption shown thereafter 2.5% p.a. thereafter.

** Salary increases are assumed to be 2.0% p.a. until 31 March 2017 reverting to the long term assumption thereafter.

In valuing the liabilities of the pension fund at 31 March 2016, 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) (2015 22.1 years), 23.6 years (female) (2015 23.6 years).
- Future retiree upon reaching 65: 24.8 years (male) (2015 24.8 years), 26.2 years (female) (2015 26.2 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

	2016 £ 000	2015 £ 000
Opening defined benefit obligation	305,865	313,304
Current service cost	8,478	10,253
Interest cost	10,456	13,596
Loss on curtailment	355	932
Actuarial (gains)/losses	(24,887)	(27,314)
Contributions by members	2,323	2,445
Estimated benefits paid	(7,821)	(7,351)
Closing defined benefit obligation	294,769	305,865

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

22. Pensions (continued)

Movements in fair value of plan assets

	2016	2015
	£ 000	£ 000
Opening fair value of plan assets	316,549	269,641
Expected return on plan assets	10,786	11,667
Actuarial (losses)/gains	(2,539)	31,435
Contributions by the employer	6,903	8,712
Contributions by the members	2,323	2,445
Estimated benefits paid	(7,821)	(7,351)
	<hr/>	<hr/>
Closing fair value of plan assets	326,201	316,549

	2016	2015
	£ 000	£ 000
Present value of funded defined benefit obligations	(294,769)	(305,865)
Fair value of plan assets	326,201	316,549
Net asset/(liability)	<hr/>	<hr/>
	31,432	10,684

Expense recognised in the statement of comprehensive income

	2016	2015
	£ 000	£ 000
Current service cost	8,478	10,253
Losses on settlements or curtailments	355	932
Net interest on net defined benefit obligation	(330)	1,929
	<hr/>	<hr/>
	8,503	13,114

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

	2016	2015
	£ 000	£ 000
Operating costs	(167,679)	(175,376)
Finance charges	-	(31,042)
Finance income	2,256	-

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £22,348k gain (2015: £58,749k gain).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

22. Pensions (continued)

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

	2016	2015
	£ 000	£ 000
Equities	234,865	237,413
Corporate bonds	48,930	41,151
Property	42,406	34,820
Cash	-	3,165
	<hr/>	<hr/>
	326,201	316,549
Actual return on plan assets	8,247	43,102

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
Robert Geddes

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

	2016
	£'000
Rent charged during the year	26
Arrears balances outstanding at 31 March 2016	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

23. Related party transactions (continued)

Other related parties

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

	Invoiced in the year £'000	Year end balance £'000
2016		
Bailie Elizabeth Cameron - Glasgow City Council	2,938	(2)
Bernadette Hewitt - Barmulloch Community Development Company	118	-

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 a GHA 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 Kathleen Willis serving on the board during the year.

24. Cash Flow Analysis

Cash flow from operating activities	2016	2015
	£ 000	£ 000
(Deficit)/surplus for the year	(5,807)	3,196
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	40,128	39,170
Decrease/increase in trade and other debtors	3,642	(1,581)
Increase in trade and other creditors	1,454	18,768
Decrease in provisions	(45)	(162)
Pension costs less contribution payments	1,930	2,473
<u>Adjustments for investing or financing activities:</u>		
Proceeds from the sale of tangible fixed assets	(2,620)	(2,033)
Government grants utilised in the year	(24,603)	(37,593)
Interest payable	37,823	31,042
Interest received	(2,256)	(498)
Movement in fair value of financial instruments	(2,276)	(9)
Gain on investment activities	(901)	(6,348)
Net cash inflow from operating activities	46,469	46,425

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

25. 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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