

STATUTORY.

LOGGED 16/8/10



Glasgow West Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2010

Registered Housing Association No. HEP 126

FSA Reference No. 1955R(S)

Scottish Charity No. SC001667

GLASGOW WEST HOUSING ASSOCIATION LIMITED

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GLASGOW WEST HOUSING ASSOCIATION LIMITED

**COMMITTEE OF MANAGEMENT , EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2010**

COMMITTEE OF MANAGEMENT

D. SIM	Chairperson
W. HALLEY	Vice-Chair
J. MICHAEL	Secretary
J. GOWRAN	Treasurer
M. WADSWORTH	
E. REILLY	
G. MACDONALD	
J. ANDERSON	
H. MIRZA	
J. GILL	
E. MACDONALD	Resigned 3 November 2009
Y. TODA	
J. MAKAR	Elected 20 June 2010

EXECUTIVE OFFICERS

L. REID	Director
E. TRAVERS	Assistant Director - Services
A. ALLAN	Assistant Director - Business
R. BROGAN	Assistant Director - Projects

REGISTERED OFFICE
5 ROYAL CRESCENT
GLASGOW
G3 7SL

AUDITORS
ALEXANDER SLOAN
CHARTERED ACCOUNTANTS
38 CADOGAN STREET
GLASGOW
G2 7HF

BANKERS
CLYDESDALE BANK
326 BYRES ROAD
GLASGOW
G12 8AN

SOLICITORS
PETERKINS ROBERTSON PAUL
KENSINGTON HOUSE
227 SAUCHIEHALL STREET
GLASGOW
G2 3EX

SOLICITORS
T.C. YOUNG
7 WEST GEORGE STREET
GLASGOW
G2 1BA

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2010

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2010.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.1955R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC001667.

Principal Activities

The principal activities of the Association are the provision and management of rented accommodation and the provision of care and support services.

Review of Business and Future Developments

Members of the Management Committee are satisfied with the continued steady performance and state of affairs. Performance for the year was consistent with forecasts. The surplus for the year before transfer to designated reserves amounted to £700k. Net assets now stand at £5.27m.

Marking a significant milestone towards GWHA's 2020 vision and following an extensive due diligence process, 127 flats in Hyndland transferred to GWHA from Glasgow Housing Association (GHA) on 27 July 2009, as part of the process known as second stage transfer. GWHA is currently working with the Argyle Local Management Committee, a sub-committee of GWHA, in developing proposals for the acquisition of 617 units in Anderston and Partick.

Revenue growth has been a crucial element of strategies for enhancing customer services, particularly the funding of the Major Repairs Strategy and essential investment in the housing stock. Consistent with GWHA's corporate perspectives of enhancing services and optimising performance, work planned over a traditional 3-year programme was brought forward and condensed.

The outcome of this successful Major Repairs Strategy has been substantial investment of £4.7m in GWHA's housing stock, over the past 11 years and strong performance against the SHQS; consistently in excess of 90%, since its introduction in 2004. While the transfer of GHA stock in Hyndland resulted in overall performance reducing from 98% in 2008/09 to 90% in 2009/10, GWHA is confident of recovering its peak performance in the short-term, through current and planned investment; ensuring good quality, well-maintained properties that surpass the Scottish minimum standard, well in advance of the 2015 government target.

The Brechin Street development, part of the former Woodside Secondary School site and a joint procurement initiative, with two other RSLs, is scheduled for completion in September 2010. This investment of £8.4m is scheduled to deliver 60 flats, 7 of which will be shared-equity. In addition, opportunities for other new build projects in Anderston are being progressed, through Glasgow City Council instigated Compulsory Purchase Orders.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

**REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2010**

Review of Business and Future Developments (Contd.)

Another alliance, the Argyle Advice Project, set up in partnership with Sanctuary (Scotland) HA, GHA and Yorkhill HA, with support from the Scottish Government, has generated additional income for local communities of £2.8m, since its launch in October 2006. With Sanctuary and GHA moving to in-house services in 2009, a new partnership was established with the Drumchapel Law and Money Advice Centre, providing local residents with access to money and fuel poverty advice.

Following a governance and strategic review, Glasgow West Enterprises Ltd was established in March 2010, as a wholly owned subsidiary of GWAHA, with the objective of protecting GWAHA's charitable status and ensuring that residential and commercial factoring is put in its rightful place. In the longer-term, the subsidiary offers strategic flexibility for developing community driven services outwith the traditional scope of a charity.

Another successful year is attributed to embedded stakeholder engagement, the broad range of skills and experience of Committee members, the well-led, highly competent and enthusiastic staff and the successful partnership with the Argyle LHO committee. This is a sound platform for delivering GWAHA's vision and mission through sustainable corporate perspectives of service enhancement, robust governance, optimum performance and learning and growth.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2010

Management Committee and Executive Officers

The members of the Committee of Management and the Executive Officers are listed on Page 1.

Each member of the Committee of Management holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Committee of Management.

The members of the Committee of Management are also Trustees of the Charity. Members of the Committee of Management are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Committee of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Committee of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.
- prepare a statement on Internal Financial Control.

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Committee of Management must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Committee of Management are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Committee of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's Auditors are aware of that information.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2010

Statement on Internal Financial Control

The Committee of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

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

It is the Committee of Management's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or Loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Committee of Management to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management;
- the Committee of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

Donations

Charitable donations are made from a charitable fund which is raised by staff through activities.

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Committee of Management


JAMES MICHAEL

Secretary

15 June 2010

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE COMMITTEE OF MANAGEMENT OF
GLASGOW WEST HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

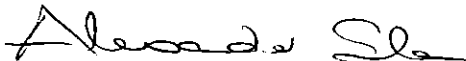
Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
15 June 2010

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

We have audited the financial statements of Glasgow West Housing Association Limited for the year ended 31st March 2010 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Committee of Management and Auditors

As described in the Statement of Committee of Management's Responsibilities the Association's Committee of Management are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is consistent with the Financial Statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Management Committee's remuneration and transactions with the Association is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

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

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

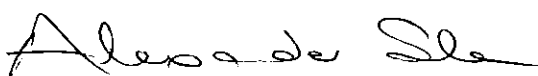
Opinion

In our opinion the Financial Statements:

give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Association's affairs as at 31st March 2010 and of its income and expenditure and cash flow for the year then ended; and

have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion, the information given in the Management Committee's Report is consistent with the financial statements.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
15 June 2010

GLASGOW WEST HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Notes	2010	2009
		£	£
TURNOVER	2.	2,769,599	2,402,017
Operating Costs	2.	<u>(2,742,236)</u>	<u>(3,138,557)</u>
OPERATING SURPLUS/(DEFICIT)	9.	27,363	(736,540)
Profit on Sale of Housing Stock	7.	1,127	63,035
Release of Negative Goodwill	23.	678,602	9,299
Interest Receivable and Other Income		45,448	178,808
Other Finance Costs		(1,000)	-
Interest Payable and Similar Charges	8.	<u>(50,914)</u>	<u>(114,299)</u>
		673,263	136,843
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES		<u>700,626</u>	<u>(599,697)</u>
STATEMENT OF RECOGNISED GAINS AND LOSSES		2010	2009
		£	£
Surplus on Ordinary Activities		700,626	(599,697)
Actuarial Gains on Defined Benefit pension scheme		5,000	-
Total Gains Recognised since last financial statements		<u>705,626</u>	<u>(599,697)</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2010

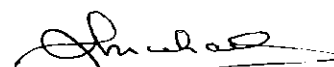
	Notes	2010	2009
		£	£
TANGIBLE FIXED ASSETS			
Housing Properties - Depreciated Cost	11.(a)	51,441,053	46,781,437
Less: Social Housing Grant	11.(a)	(45,010,567)	(43,245,037)
		<u>6,430,486</u>	<u>3,536,400</u>
Other fixed assets	11.(b)	356,528	389,171
		<u>6,787,014</u>	<u>3,925,571</u>
FIXED ASSET INVESTMENTS			
Investment in subsidiaries	21.	1	-
Shared Equity Cost	21.	238,209	238,209
Shared Equity Grant	21.	(238,209)	(238,209)
		<u>-</u>	<u>-</u>
CURRENT ASSETS			
Debtors	13.	1,436,625	253,149
Development Cost of Housing Property	22.	396,435	48,609
Investments	24.	19,264	2,760,920
Cash at bank and in hand		269,762	485,916
		<u>2,122,086</u>	<u>3,548,594</u>
CREDITORS: Amounts falling due within one year	14.	(965,908)	(723,929)
NET CURRENT ASSETS		<u>1,156,178</u>	<u>2,824,665</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,943,193</u>	<u>6,750,236</u>
CREDITORS: Amounts falling due after more than one year	15.	(2,673,754)	(2,173,129)
Pension asset	27.	3,000	-
		<u>3,000</u>	<u>-</u>
NET ASSETS		<u><u>5,272,439</u></u>	<u><u>4,577,107</u></u>
CAPITAL AND RESERVES			
Share Capital	17.	874	869
Designated Reserves	18.(a)	4,177,991	3,602,017
Revenue Reserves	18.(c)	682,666	557,014
Pension Reserve	18.(b)	3,000	-
Negative Goodwill	23.	407,908	417,207
		<u>5,272,439</u>	<u>4,577,107</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on

15 June 2010


Chairperson


Treasurer


Secretary

GLASGOW WEST HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2010

	Notes	2010	2009
		£	£
Net Cash Outflow from Operating Activities	16.	(397,314)	(751,112)
Returns on Investment and Servicing of Finance			
Interest Received	93,466	143,388	
Interest Paid	(53,116)	(117,516)	
Net Cash Inflow from Investment and Servicing of Finance		40,350	25,872
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties	(4,674,026)	(283,813)	
Purchase of Other Fixed Assets	(3,970)	(26,810)	
Acquisition and Construction of Shared Equity Properties	(139,078)	-	
Social Housing Grant Received	1,438,247	353,721	
Social Housing Grant Repaid	(120,510)	(156,030)	
Negative Goodwill Cash Received	338,780	-	
Proceeds on Disposal of Properties	60,153	194,163	
Net Cash (Outflow)/ Inflow from Capital Expenditure and Financial Investment		(3,100,404)	81,231
Net Cash (Outflow) before use of Liquid Resources and Financing		(3,457,368)	(644,009)
Management of Liquid Resources			
Change in short term deposits with banks		2,741,656	571,278
Financing			
Loan Advances Received	1,415,272	-	
Loan Redemption Payments	(774,442)	-	
Loan Principal Repayments	(140,991)	(108,271)	
Share Capital Issued	5	23	
Net Cash Inflow/ (Outflow) from Financing		499,844	(108,248)
(Decrease) in Cash	16.	<u>(215,868)</u>	<u>(180,979)</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2008, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Retirement Benefits

The Association participates in the S.F.H.A. Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated. Housing Properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount.

Depreciation And Impairment Of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	- 4%
Furniture and Fittings	- 20%
Computer Equipment	- 33%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Development Overheads

All development administration costs incurred on financing a development are charged to the Income and Expenditure Account in the year in which the costs are incurred.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

Negative Goodwill

Negative goodwill created through transfer of engagements is written off to the Income and Expenditure account as the non-cash assets acquired are depreciated or sold.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2010			2009		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,548,519	2,557,133	(8,614)	2,169,479	2,928,348	(758,869)
Other Activities	4.	221,080	185,103	35,977	232,538	210,209	22,329
Total		2,769,599	2,742,236	27,363	2,402,017	3,138,557	(736,540)

The following element of the above relates to acquisitions within the year:

	Turnover £	Operating Costs £	Operating (Deficit) £
Acquisition	266,708	425,253	(158,545)

3. PARTICULARS OF INCOME, EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2010 Total £	2009 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,365,551	-	13,652	2,379,203	2,004,352
Service Charges Receivable	198,693	-	-	198,693	189,806
Gross Rents Receivable	2,564,244	-	13,652	2,577,896	2,194,158
Less: Rent losses from voids	29,377	-	-	29,377	24,679
Net Rents Receivable	2,534,867	-	13,652	2,548,519	2,169,479
Total Income From Social Letting	2,534,867	-	13,652	2,548,519	2,169,479
Expenditure on Social Letting Activities					
Service Costs	172,528	-	-	172,528	137,643
Management and maintenance administration costs	944,298	-	-	944,298	864,268
Reactive Maintenance	417,854	-	-	417,854	297,806
Bad Debts - Rents and Service Charges	9,644	-	-	9,644	13,765
Planned and Cyclical Maintenance, including Major Repairs	935,003	-	-	935,003	1,537,245
Depreciation of Social Housing	77,806	-	-	77,806	77,621
Operating Costs of Social Letting	2,557,133	-	-	2,557,133	2,928,348
Operating Surplus on Social Letting Activities	(22,266)	-	13,652	(8,614)	(758,869)
2009		(765,549)	6,680		

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2010	Operating Surplus / (Deficit) 2009
	£	£	£	£	£	£	£	£	£
Wider Role Activities	12,042	-	-	-	12,042	-	29,577	(17,535)	(13,129)
Factoring	-	-	-	59,933	59,933	-	50,606	9,327	(13,647)
Agency / Management services for other RSLs	62,967	-	-	56,146	119,113	-	55,873	63,240	34,038
Other Income	-	-	-	-	-	-	-	-	1,855
Commercial Units	-	-	-	27,775	27,775	-	18,382	9,393	5,576
Development	2,217	-	-	-	2,217	-	30,665	(28,448)	7,636
Total From Other Activities	77,226	-	-	143,854	221,080	-	185,103	35,977	22,329
2009	8,947	28,845	-	194,746	232,538	13,990	196,219	22,329	22,329

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of

2010
£ 2009
£

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions) 63,943 60,763

Pension contributions made on behalf on Officers with emoluments greater than £60,000 8,997 8,854

Emoluments payable to Chief Executive (excluding pension contributions) 63,943 60,763

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	1	1

6. EMPLOYEES IN CYMARON

	2010	2009
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>23</u>	<u>22</u>
Staff Costs were:	£	£
Wages and Salaries	658,152	599,984
Social Security Costs	49,011	48,587
Other Pension Costs	82,158	66,928
Temporary, Agency and Seconded Staff	39,507	35,430
	<u>828,828</u>	<u>750,929</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2010	2009
	£	£
Sales Proceeds	60,153	194,163
Cost of Sales	<u>59,026</u>	<u>131,128</u>
Gain On Sale Of Housing Stock	<u>1,127</u>	<u>63,035</u>

8. INTEREST PAYABLE

	2010	2009
	£	£
On Bank Loans & Overdrafts	53,226	114,299
Less: Interest Capitalised	<u>2,312</u>	<u>-</u>
	<u>50,914</u>	<u>114,299</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2009 £0).

Interest capitalised was incurred at 1.52%.

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£	£
Surplus/ (Deficit) on Ordinary Activities is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	114,419	113,688
Auditors' Remuneration - Audit Services	<u>9,517</u>	<u>9,366</u>

10. TAXATION

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2009	44,976,933	1,936,334	430,376	47,343,643
Additions	416,893	4,406,145	-	4,823,038
Costs recovered	(15,927)	-	-	(15,927)
Acquired at Fair Value	3,556	-	-	3,556
Disposals	(73,245)	-	-	(73,245)
Schemes Completed	50,474	-	(50,474)	-
As at 31st March 2010	<u>45,358,684</u>	<u>6,342,479</u>	<u>379,902</u>	<u>52,081,065</u>
DEPRECIATION				
As at 1st April 2009	553,684	-	8,522	562,206
Charge for Year	77,155	-	651	77,806
Disposals	-	-	-	-
As at 31st March 2010	<u>630,839</u>	<u>-</u>	<u>9,173</u>	<u>640,012</u>
SOCIAL HOUSING GRANT				
As at 1st April 2009	41,258,181	1,730,487	256,369	43,245,037
Additions	-	1,691,511	-	1,691,511
Disposals	(71,951)	-	-	(71,951)
Transfer from Homestake	-	145,970	-	145,970
Schemes Completed	46,702	-	(46,702)	-
As at 31st March 2010	<u>41,232,932</u>	<u>3,567,968</u>	<u>209,667</u>	<u>45,010,567</u>
NET BOOK VALUE				
As at 31st March 2010	<u>3,494,913</u>	<u>2,774,511</u>	<u>161,062</u>	<u>6,430,486</u>
As at 31st March 2009	<u>3,165,068</u>	<u>205,847</u>	<u>165,485</u>	<u>3,536,400</u>

Additions to housing properties includes capitalised development administration costs of £nil (2009 - £nil) and capitalised major repair costs to existing properties of £354,051 (2009 £nil)

All land and housing properties are freehold.

In accordance with the Statement of Recommended Practice, housing properties acquired from Glasgow Housing Association Ltd were introduced on the Existing Use Value for Social Housing (EUV-SH) on 27 July 2009. The valuation was carried out by DTZ. This valuation was undertaken in accordance with the Practice Statements within the RICS Appraisal and Valuation Manual.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Commercial Premises £	Office Premises £	Furniture & Equipment £	Total £
COST				
As at 1st April 2009	195,158	512,423	87,379	794,960
Additions	-	-	3,970	3,970
Eliminated on Disposals	-	-	-	-
As at 31st March 2010	<u>195,158</u>	<u>512,423</u>	<u>91,349</u>	<u>798,930</u>
GRANTS RECEIVED				
As at 1st April 2009 and 31 March 2010	-	98,358	-	98,358
AGGREGATE DEPRECIATION				
As at 1st April 2009	90,913	149,673	66,845	307,431
Charge for year	7,806	16,563	12,244	36,613
Eliminated on disposal	-	-	-	-
As at 31st March 2010	<u>98,719</u>	<u>166,236</u>	<u>79,089</u>	<u>344,044</u>
NET BOOK VALUE				
As at 31st March 2010	<u>96,439</u>	<u>247,829</u>	<u>12,260</u>	<u>356,528</u>
As at 31st March 2009	<u>104,245</u>	<u>264,392</u>	<u>20,534</u>	<u>389,171</u>

12. CAPITAL COMMITMENTS

	2010 £	2009 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>1,963,233</u>	<u>4,900,000</u>
Major repairs expenditure that has been contracted for but had not been provided for in the Financial Statements	<u>-</u>	<u>600,000</u>

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBITORS

	2010	2009
	£	£
Arrears of Rent & Service Charges	85,072	72,414
Less: Provision for Doubtful Debts	<u>(43,946)</u>	<u>(42,312)</u>
	41,126	30,102
Social Housing Grant Receivable	253,264	-
Other Debtors and Prepayments	<u>1,142,235</u>	<u>223,047</u>
	<u><u>1,436,625</u></u>	<u><u>253,149</u></u>

14. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Housing Loans	142,969	143,755
Trade Creditors	437,916	262,445
Rent in Advance	231,316	193,193
Other Taxation and Social Security	22,837	22,972
Other Creditors	88,830	79,438
Accruals and Deferred Income	<u>42,040</u>	<u>22,126</u>
	<u><u>965,908</u></u>	<u><u>723,929</u></u>

At the balance sheet date there were pension contributions outstanding of £10,158 (2009 £7,453)

15. CREDITORS: Amounts falling due after more than one year

	2010	2009
	£	£
Housing Loans	<u>2,673,754</u>	<u>2,173,129</u>
<p>Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-</p>		
Within one year	142,969	143,755
Between one and two years	150,447	136,727
Between two and five years	466,632	349,877
In five years or more	<u>2,056,675</u>	<u>1,686,525</u>
	2,816,723	2,316,884
Less: Amount shown in Current Liabilities	<u>142,969</u>	<u>143,755</u>
	<u><u>2,673,754</u></u>	<u><u>2,173,129</u></u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash outflow from operating activities</i>	2010 £	2009 £
Operating Surplus	27,363	(736,540)
Depreciation	114,419	113,688
Change in properties developed for resale	-	(48,609)
Contributions payable to Defined Benefit Scheme (Strathclyde)	(6,715)	-
Service Cost on Defined Benefit Scheme (Strathclyde)	7,000	-
Change in Debtors	(651,263)	(55,710)
Change in Creditors	<u>111,882</u>	<u>(23,941)</u>
Net Cash (Outflow) from Operating Activities	<u>(397,314)</u>	<u>(751,112)</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2010 £	2009 £
(Decrease) in Cash	(216,154)	(180,979)
Cash flow from management of liquid resources	(2,741,656)	(571,278)
Cash flow from change in debt	<u>(499,839)</u>	<u>108,271</u>
Movement in net debt during year	(3,457,649)	(643,986)
Net debt at 1st April 2009	<u>929,952</u>	<u>1,573,938</u>
Net debt at 31st March 2010	<u>(2,527,697)</u>	<u>929,952</u>

<i>Analysis of changes in net debt</i>	At 01.04.09 £	Cash Flows £	At 31.03.10 £
Cash at bank and in hand	485,916	(216,154)	269,762
Bank Overdrafts	-	-	-
	<u>485,916</u>	<u>(216,154)</u>	<u>269,762</u>
Liquid Resources	2,760,920	(2,741,656)	19,264
Debt: Due within one year	(143,755)	786	(142,969)
Due after more than one year	<u>(2,173,129)</u>	<u>(500,625)</u>	<u>(2,673,754)</u>
Net Debt	<u>929,952</u>	<u>(3,457,649)</u>	<u>(2,527,697)</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2009	869
Issued in year	5
Cancelled in year	-
At 31st March 2010	<u>874</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

18. RESERVES

(a) Designated Reserves	Furniture Replacement £	Cyclcal Maintenance £	Major Repairs £	Total £
At 1st April 2009	379,334	344,234	2,878,449	3,602,017
Transfer to / (from) Revenue Reserves	<u>26,165</u>	<u>-</u>	<u>549,809</u>	<u>575,974</u>
At 31st March 2010	<u>405,499</u>	<u>344,234</u>	<u>3,428,258</u>	<u>4,177,991</u>
				Total £
At 1st April 2009				557,014
Surplus for the Year				700,626
Transfer (to) / from Pension Reserve				1,000
Transfer (to) / from Designated Reserves				<u>(575,974)</u>
At 31st March 2010				<u>682,666</u>
				Total £
At 1st April 2009				-
Acquired in Second Stage Transfer				(38,000)
Contribution in year				37,000
Actuarial Gains in the year				5,000
Transfer of shortfall of contributions from Revenue Reserve				<u>(1,000)</u>
At 31st March 2010				<u>3,000</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2010 No.	2009 No.
General Needs - New Build	831	705
- Rehabilitation	-	-
Shared Ownership	6	7
Supported Housing	-	-
	<u>837</u>	<u>712</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS

Members of the Committee of Management are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Committee of Management is summarised as follows:

5 members are tenants of the Association

2 members are factored owners

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

No transactions other than payment of rent from the tenant committee members took place during the year between the Association and its related parties.

21. FIXED ASSETS

	2010 £	2009 £
Shared Equity Properties		
Development Cost of Shared Equity Property	238,209	238,209
Less: Grants Receivable	238,209	238,209
	<u>-</u>	<u>-</u>
Investment in Subsidiary		
As at 31 March 2010 & 31 March 2009	<u>1</u>	<u>-</u>

The Association has a 100% owned subsidiary Glasgow West Enterprises Limited. The subsidiary company was incorporated on 26 March 2010 and did not trade in the period to 31 March 2010.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. DEVELOPMENT COST OF HOUSING PROPERTY

	2010 £	2009 £
Shared Equity Properties		
In the course of construction	639,460	500,382
Completed Properties Unsold	-	-
	<u>639,460</u>	<u>500,382</u>
Less: Grants Received from Scottish Ministers	(243,025)	(451,773)
	<u><u>396,435</u></u>	<u><u>48,609</u></u>

23. NET CAPITAL RECEIVABLES

	2010 £
Balance as at 1 April 2009	417,207
Arising on Acquisition in the year	669,303
Release during the year	(678,602)
As at 31 March 2010	<u><u>407,908</u></u>

24. CURRENT ASSETS LIQUID RESOURCES

	2010 £	2009 £
Short Term Deposits	<u>19,264</u>	<u>2,760,920</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. SECOND STAGE TRANSFER

On 27 July 2009 the Association acquired housing assets and the related rent arrears from Glasgow Housing Association Limited as part of a Second Stage Transfer. The Association acquired 127 housing units that were managed by Hyndland. The identifiable assets and liabilities have been incorporated in the balance sheet of the Association at their fair value on acquisition.

Analysis of Acquisition

	Book Value £	Adjustment to Fair Value £	Fair Value £
Housing Properties	3,556 a)	-	3,556
Debtors - Rent Arrears	8,271 b)	(620)	7,651
Creditors - Rent Prepaid	(11,869)	-	(11,869)
Pension Liability	(38,000) c)	-	(38,000)
	<u>(38,042)</u>	<u>(620)</u>	<u>(38,662)</u>
Consideration - at fair value			<u>(707,965)</u>
Negative Goodwill Arising on Acquisition			<u>669,303</u>

Adjustments

- a) Housing Property has been recognised at its fair value, being its value using the EUV-SH basis at acquisition
- b) The rent arrears acquired have re-assessed and fair value adjustments made where appropriate
- c) The Pension Liability has been calculated by a qualified actuary at the date of acquisition

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

General

Glasgow West Housing Association Limited participates in the SFHA Pension Scheme.

The SFHA Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme

The Scheme offers three benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Glasgow West Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31 March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2008.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Glasgow West Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 19 active members of the Scheme employed by Glasgow West Housing Association Limited. The annual pensionable payroll in respect of these members was £518,753. Glasgow West Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. SFHA is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268m. The valuation revealed a shortfall of assets compared with the value of liabilities of £54m (equivalent to a past service funding level of 83.4%).

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

Financial Assumptions

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% p.a.
- Investment return pre-retirement	7.2
- Investment return post-retirement	4.9
- Rate of Salary increases	4.6
- Rate of pension increases:	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in years at age 65</i>	<i>Assumed life expectancy in years at age 65</i>
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the valuation it was agreed that the shortfall of £54m would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

<i>Benefit Structure</i>	<i>Joint contribution rate (% of pensionable salaries)</i>
Final salary 60ths	23.1% comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9% comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9% comprising employer contributions of 11.9% and member contributions of 6.0%

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS (Continued)

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The current triennial valuation, as at 30 September 2009, is being undertaken by a professionally qualified actuary. The provisional results of this valuation were issued by the SFHA Pension Scheme in May 2010. These figures show that the deficit on the scheme has increased from £53.6million to £160million. The funding level of liabilities, based on these figures, would be 64.8% (2006 - 83.4%).

As a result of this valuation the total contribution rate must increase on average by 7% of pensionable earnings for all existing benefit options structures from April 2011.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Defined Benefit Scheme

The Association operates a defined benefit scheme as an admitted body under the Strathclyde Pension Fund, the assets of which are held in a separate trustee administered fund.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

At the balance sheet date, there was 2 active members of the scheme employed by the Association. Total pension contributions made by the Association for the year were £6715. This includes £0 of outstanding contributions at the balance sheet date. Gross pensionable salaries for the year were £24535

The following figures are prepared by the Actuaries in accordance with their understanding of Financial Reporting Standard 17 - 'Retirement Benefits' (FRS 17) and Guidance Note 36: Accounting for Retirement Benefits under Financial Reporting Standard 17 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at	2010 %p.a.	2009 %p.a.
Price increases	3.8	3.7
Salary increases	5.3	5.2
Pension increases	7.2	6.7
Discount rate	5.5	6.2

The defined benefit obligation is estimated to comprise of the following:

	2010 £'000	2009 £'000
Employee members	2	-
Deferred pensioners	-	-
Pensioners	-	-
	<u>2</u>	<u>-</u>

Net Pension Liability	2010 £'000	2009 £'000
Fair value of employer's assets	243	160
Present value of scheme liabilities	(240)	(198)
	<u>3</u>	<u>(38)</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2010 £'000	2009 £'000
Charged to operating costs:		
Service cost	7	-
Past service cost	-	-
	<u>7</u>	<u>-</u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(7)	-
Interest on pension scheme liabilities	8	-
	<u>1</u>	<u>-</u>
Net Charge to the Income and Expenditure Account	<u>8</u>	<u>-</u>
Actual Return on Plan Assets	<u>38</u>	<u>-</u>

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period as follows:

Asset Class	2010 % p.a.	2009 % p.a.
Equities	7.8	7.3
Bonds	5.0	5.3
Property	5.8	5.3
Cash	4.8	4.3

Other Assumptions

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	20.6	23.9
Future Pensioners	22.6	25.0

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RETIREMENT BENEFIT OBLIGATIONS

Employer membership statistics	2010 (Number)
Actives	2
Deferreds	-
Pensioners	-

Fair Value of employer assets	2010 £'000
Opening fair value of employer assets	160
Expected Return on Assets	7
Contributions by Members	1
Contributions by the Employer	44
Actuarial Gains	31

Closing fair value of employer assets	243
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Reconciliation of defined benefit obligations	2010 £'000
Opening defined benefit obligation	198
Current Service Cost	7
Interest Cost	8
Contributions by members	1
Actuarial Losses	26
Estimated Benefits Paid	-
	240

Analysis of projected amount to be charged to the Income & Expenditure Account for the year ended 31 March 2010

	£'000	% of pay
Projected current service cost	11	31.5
Interest on obligation	14	38.9
Expected return on plan assets	(18)	(50.0)
Past service costs	-	-
Losses / (Gain) on curtailments and settlements	-	-
	7	20

Contributions made by the Association for the year ended 31 March 2011 are estimated to be approximately £10000.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Amounts for the current and previous accounting periods:

	2010 £'000
Fair value of employer assets	243
Present value of defined benefit	(240)
Surplus	3
Experience gains on assets	31
Experience (losses) on liabilities	(26)

Actuarial Gain recognised in the Statement of Recognised Gains and Losses

	2010 £'000
Actuarial gain recognised in year	5
Cumulative actuarial gains	5