

**Glasgow West Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2011**

**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**

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**COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2011**

**COMMITTEE OF MANAGEMENT**

D SIM	Chairperson
W HALLEY	Vice-Chair
J MICHAEL	Secretary
J GOWRAN	Treasurer
G MACDONALD	
M WADSWORTH	
J ANDERSON	
H MIRZA	
Y TODA	
J MAKAR	
J BANKS	Appointed 26 June 2010
E REILLY	Resigned 9 November 2010
S HARPER	Resigned 26 April 2011

**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 SAUCIEHALL STREET  
GLASGOW  
G2 3EX

**SOLICITORS**

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

## GLASGOW WEST HOUSING ASSOCIATION LIMITED

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### REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2011

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2011.

#### **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 affordable rented accommodation.

#### **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 after transfer to designated reserves amounted to £573k. Net assets now stand at £6.7 m.

GWHA successfully secured a positive ballot (76% of tenants who voted (46%)), in March 2011, with a view to the acquisition of 617 properties, in Anderston and the West End, from Glasgow Housing Association (GHA), as part of the process known as second stage transfer. Building on the successful consolidation of 127 flats in Hyndland (which transferred from GHA in 2009) this will deliver a significant milestone towards GWHA's 2020 vision.

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 of £5.5m, over the past 11 years and strong performance against the SHQS; consistently in excess of 90%, since its introduction in 2004. Delivering two of the three investment phases in the former GHA stock in Hyndland has resulted in overall performance of 98%, GWHA is confident of sustaining peak performance, through current and planned investment; ensuring good quality, well-maintained properties that surpass the Scottish minimum standard, in advance of the 2015 government target. The strategy will be reviewed following the GHA transfer.

With an investment of £8.4m, the Brechin Street development (part of the former Woodside Secondary School site and a joint procurement initiative, with two other RSLs) completed in October 2010, delivering 60 homes, 7 of which are shared-equity. Opportunities for other new build projects in Anderston are being progressed, through Glasgow City Council instigated Compulsory Purchase Orders.

GWHA continues to deliver welfare benefits advice; generating £3.5m additional income for local communities, since the project's launch in October 2006. In addition, GWHA has consolidated its partnership with the Drumchapel Law and Money Advice Centre; providing local residents with access to money and fuel poverty advice.

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 GWHA's vision and mission through sustainable corporate strategies supporting Learning & Change, Optimum Performance, Robust Governance and Service Enhancement.

## GLASGOW WEST HOUSING ASSOCIATION LIMITED

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### REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2011

#### Committee of Management 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 Committee of Management'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

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### REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2011

#### 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 of 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

14 June 2011

GLASGOW WEST HOUSING ASSOCIATION LIMITED

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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 4 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 4 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  
14 June 2011

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

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We have audited the financial statements of Glasgow West Housing Association Limited for the year ended 31st March 2011 which comprise an income and expenditure account, balance sheet, statement of total recognised gains and losses, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Management Committee and Auditors**

As explained more fully in the Statement of Committee of Management's Responsibilities the Association's Committee of Management are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit on the Financial Statements**

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 Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Committee of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Committee of Management's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

**Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2011 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion the exemption granted by the Financial Services Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

**Matters on which we are required to report by exception**

We are required to report to you under the Industrial and Provident Societies Acts 1965 to 2002 if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the financial statements are not in agreement with the books of account.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
14 June 2011



GLASGOW WEST HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

	Notes	2011 £	Restated 2010 £
TURNOVER	2.	3,452,323	2,769,599
Operating Costs	2.	(2,423,971)	(2,401,209)
<b>OPERATING SURPLUS</b>	9.	1,028,352	368,390
Gain On Sale Of Housing Stock	7.	91,134	1,127
Release of Negative Goodwill	23.	8,099	678,602
Interest Receivable and Other Income		12,524	45,448
Interest Payable and Similar Charges	8.	(53,986)	(50,914)
Other Finance Gain/(Costs)		27,000	(1,000)
		<u>84,771</u>	<u>673,263</u>
<b>SURPLUS ON ORDINARY ACTIVITIES</b>		<u>1,113,123</u>	<u>1,041,653</u>
<b>STATEMENT OF RECOGNISED GAINS AND LOSSES</b>		<b>2011</b>	<b>2010</b>
		£	£
Surplus on Ordinary Activities		1,113,123	1,041,653
Prior Period Adjustment	26.	341,027	-
Actuarial Gains on Defined Benefit pension scheme		25,000	5,000
<b>Total Gains Recognised since last financial statements</b>		<u>1,479,150</u>	<u>1,046,653</u>

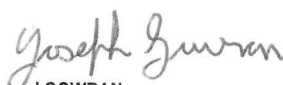
# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## BALANCE SHEET AS AT 31st MARCH 2011

	Notes	£	2011 £	£	Restated 2010 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11.(a)		53,946,342		51,782,080
Less: Social Housing Grant	11.(a)		(46,232,517)		(45,010,567)
			<u>7,713,825</u>		<u>6,771,513</u>
Other fixed assets	11.(b)		325,007		356,528
			<u>8,038,832</u>		<u>7,128,041</u>
<b>FIXED ASSET INVESTMENTS</b>					
Investment in subsidiaries	21.		1		1
Shared Equity Cost	21.	341,682		238,209	
Shared Equity Grant	21.	(341,682)		(238,209)	
			<u>-</u>		<u>-</u>
<b>CURRENT ASSETS</b>					
Debtors	13.	503,969		1,436,625	
Development Cost of Housing Property	22.	273,145		396,435	
Investments	24.	1,019,281		19,264	
Cash at bank and in hand		1,810,867		269,762	
			<u>3,607,262</u>	<u>2,122,086</u>	
<b>CREDITORS: Amounts falling due within one year</b>	14.	(1,031,641)		(965,908)	
<b>NET CURRENT ASSETS</b>			<u>2,575,621</u>		<u>1,156,178</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>10,614,454</u>		<u>8,284,220</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15.	(3,925,946)		(2,673,754)	
Pension asset	27.	55,000		3,000	
			<u>55,000</u>	<u>3,000</u>	
<b>NET ASSETS</b>			<u>6,743,508</u>		<u>5,613,466</u>
<b>CAPITAL AND RESERVES</b>					
Share Capital	17.		892		874
Designated Reserves	18.(a)		5,031,599		4,177,991
Revenue Reserves	18.(c)		1,256,208		1,023,693
Negative Goodwill	23.		399,809		407,908
Pension Reserve	18.(b)		55,000		3,000
			<u>6,743,508</u>		<u>5,613,466</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 14 June 2011.

  
D. SIM  
Chairperson

  
J. GOWRAN  
Treasurer

  
J. MICHAEL  
Secretary

**GLASGOW WEST HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED**

**31st MARCH 2011**

	Notes	£	2011 £	£	Restated 2010 £
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	16.		1,745,678		(43,549)
<b>Returns on Investment and Servicing of Finance</b>					
Interest Received		12,141		93,466	
Interest Paid		(79,523)		(53,116)	
<b>Net Cash (Outflow) / Inflow from Investment and Servicing of Finance</b>			(67,382)		40,350
<b>Capital Expenditure and Financial Investment</b>					
Acquisition and Construction of Properties		(2,422,200)		(5,028,077)	
Purchase of Other Fixed Assets		(2,396)		(3,970)	
Social Housing Grant Received		1,538,127		(139,078)	
Social Housing Grant Repaid		-		1,438,247	
Other Grants Received		-		(120,510)	
Proceeds on Disposal of Properties		93,922		60,153	
Negative Goodwill Cash Received		326,967		338,780	
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>			(465,580)		(3,454,455)
<b>Net Cash Inflow / (Outflow) before use of Liquid Resources and Financing</b>			1,212,716		(3,457,654)
<b>Management of Liquid Resources</b>					
Change in short term deposits with banks			(1,000,017)		2,741,656
<b>Financing</b>					
Loan Advances Received		1,500,000		1,415,272	
Loan Redemption Payments		(24,462)		(774,442)	
Loan Principal Repayments		(147,150)		(140,991)	
Share Capital Issued		18		5	
<b>Net Cash Inflow from Financing</b>			1,328,406		499,844
<b>Increase / (decrease) in Cash</b>	16.		1,541,105		(216,154)

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### 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.

##### **Basis Of Consolidation**

The Association has obtained exemption from the Financial Services Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The Financial Statements for Glasgow West Housing Association Limited present information about it as an individual undertaking and not about its Group.

##### **Turnover**

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

##### **Retirement Benefits**

The Association participates in the Scottish Housing Associations' 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

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### 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.

##### **Capitalisation Of 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

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Notes	2011			2010		
	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Restated Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	2,851,233	1,869,802	981,431	2,548,519	2,216,106	332,413
Other Activities	601,090	554,169	46,921	221,080	185,103	35,977
<b>Total</b>	<b>3,452,323</b>	<b>2,423,971</b>	<b>1,028,352</b>	<b>2,769,599</b>	<b>2,401,209</b>	<b>368,390</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2011 Total £	Restated 2010 Total £
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	2,682,672	-	11,914	2,694,586	2,379,203
Service Charges Receivable	183,907	-	-	183,907	198,693
<b>Gross Rents Receivable</b>	<b>2,866,579</b>	<b>-</b>	<b>11,914</b>	<b>2,878,493</b>	<b>2,577,896</b>
Less: Rent losses from voids	27,260	-	-	27,260	29,377
<b>Net Rents Receivable</b>	<b>2,839,319</b>	<b>-</b>	<b>11,914</b>	<b>2,851,233</b>	<b>2,548,519</b>
<b>Total Income From Social Letting</b>	<b>2,839,319</b>	<b>-</b>	<b>11,914</b>	<b>2,851,233</b>	<b>2,548,519</b>
<b>Expenditure on Social Letting Activities</b>					
Service Costs	137,561	-	-	137,561	172,528
Management and maintenance administration costs	1,004,039	-	-	1,004,039	944,298
Reactive Maintenance	402,009	-	-	402,009	417,854
Bad Debts - Rents and Service Charges	45,570	-	-	45,570	9,644
Planned and Cyclical Maintenance, including Major Repairs	127,553	-	-	127,553	580,952
Depreciation of Social Housing	149,750	-	3,320	153,070	90,830
<b>Operating Costs of Social Letting</b>	<b>1,866,482</b>	<b>-</b>	<b>3,320</b>	<b>1,869,802</b>	<b>2,216,106</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>972,837</b>	<b>-</b>	<b>8,594</b>	<b>981,431</b>	<b>332,413</b>
2010 (restated)	318,761	-	13,652		

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Other Revenue	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2011	Operating Surplus / (Deficit) 2010
	£	£	£	£	£	£	£	£	£
Wider Role Activities	12,638	-	-	2,345	14,983	-	34,010	(19,027)	(17,535)
Factoring	-	-	-	161,312	161,312	10,816	140,779	9,717	9,327
Agency / Management services for other RSLs	117,343	-	-	34,825	152,168	-	83,440	68,728	63,240
Development of Property for sale	-	-	-	253,234	253,234	-	253,234	-	-
Commercial units	-	-	-	16,823	16,823	-	13,097	3,726	9,393
Services - Other Owners	-	-	-	-	-	-	-	-	-
Development	-	-	-	2,570	2,570	-	18,793	(16,223)	(28,448)
<b>Total From Other Activities</b>	<b>129,981</b>	<b>-</b>	<b>-</b>	<b>471,109</b>	<b>601,090</b>	<b>10,816</b>	<b>543,353</b>	<b>46,921</b>	<b>35,977</b>
<b>2010</b>	<b>77,226</b>	<b>-</b>	<b>-</b>	<b>143,854</b>	<b>221,080</b>	<b>-</b>	<b>185,103</b>	<b>35,977</b>	<b>35,977</b>



## GLASGOW WEST HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

#### 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 the Association.

	2011	2010
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>65,337</u>	<u>63,943</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>9,211</u>	<u>8,997</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>65,337</u>	<u>63,943</u>

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
	1	1
£60,001 to £70,000		

#### 6. EMPLOYEE INFORMATION

	2011	2010
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>23</u>	<u>23</u>
Staff Costs were:	£	£
Wages and Salaries	690,939	658,152
Social Security Costs	48,800	49,011
Other Pension Costs	82,578	82,158
Temporary, Agency and Seconded Staff	28,072	39,507
	<u>850,389</u>	<u>828,828</u>

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. GAIN ON SALE OF HOUSING STOCK

	2011	2010
	£	£
Sales Proceeds	93,922	60,153
Cost of Sales	2,788	59,026
Gain On Sale Of Housing Stock	<u>91,134</u>	<u>1,127</u>

#### 8. INTEREST PAYABLE

	2011	2010
	£	£
On Bank Loans & Overdrafts	<u>78,801</u>	<u>53,226</u>
	78,801	53,226
Less: Interest Capitalised	<u>24,815</u>	<u>2,312</u>
	<u>53,986</u>	<u>50,914</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2010 £0).

Interest capitalised was incurred at 1.65%.

#### 9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011	Restated 2010
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	186,987	127,443
Auditors' Remuneration - Audit Services	<u>10,200</u>	<u>9,517</u>

#### 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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 2011

### 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 £
<b>COST</b>					
As at 1st April 2010	Restated	45,712,735	6,342,479	379,902	52,435,116
Additions		717,733	1,602,387	-	2,320,120
Disposals		(2,788)	-	-	(2,788)
Schemes Completed		7,591,823	(7,591,823)	-	-
As at 31st March 2011		<u>54,019,503</u>	<u>353,043</u>	<u>379,902</u>	<u>54,752,448</u>
<b>DEPRECIATION</b>					
As at 1st April 2010	Restated	643,863	-	9,173	653,036
Charge for Year		149,750	-	3,320	153,070
Disposals		-	-	-	-
As at 31st March 2011		<u>793,613</u>	<u>-</u>	<u>12,493</u>	<u>806,106</u>
<b>SOCIAL HOUSING GRANT</b>					
As at 1st April 2010		41,232,932	3,567,968	209,667	45,010,567
Additions		140,000	1,144,863	-	1,284,863
Transfers		-	(62,913)	-	(62,913)
Disposals		-	-	-	-
Schemes Completed		4,505,212	(4,505,212)	-	-
As at 31st March 2011		<u>45,878,144</u>	<u>144,706</u>	<u>209,667</u>	<u>46,232,517</u>
<b>NET BOOK VALUE</b>					
As at 31st March 2011		<u>7,347,746</u>	<u>208,337</u>	<u>157,742</u>	<u>7,713,825</u>
As at 31st March 2010	Restated	<u>3,835,940</u>	<u>2,774,511</u>	<u>161,062</u>	<u>6,771,513</u>

Additions to housing properties includes capitalised development administration costs of £nil (2010 - £nil) and capitalised major repair costs to existing properties of £566,713 (2010 £708,102)

All land and housing properties are freehold.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Commercial Premises £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2010	195,158	512,423	91,349	798,930
Additions	-	-	2,396	2,396
As at 31st March 2011	<u>195,158</u>	<u>512,423</u>	<u>93,745</u>	<u>801,326</u>
<b>GRANTS RECEIVED</b>				
As at 1st April 2010 and 31 March 2011	-	98,358	-	98,358
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2010	98,719	166,236	79,089	344,044
Charge for year	7,806	16,563	9,548	33,917
Eliminated on disposal	-	-	-	-
As at 31st March 2011	<u>106,525</u>	<u>182,799</u>	<u>88,637</u>	<u>377,961</u>
<b>NET BOOK VALUE</b>				
As at 31st March 2011	<u>88,633</u>	<u>231,266</u>	<u>5,108</u>	<u>325,007</u>
As at 31st March 2010	<u>96,439</u>	<u>247,829</u>	<u>12,260</u>	<u>356,528</u>

#### 12. CAPITAL COMMITMENTS

	2011 £	2010 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>506,599</u>	<u>1,963,233</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 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 13. DEBTORS

	2011	2010
	£	£
Arrears of Rent & Service Charges	85,788	85,072
Less: Provision for Doubtful Debts	(53,123)	(43,946)
	<u>32,665</u>	<u>41,126</u>
Social Housing Grant Receivable	-	253,264
Other Debtors	471,304	1,142,235
	<u>503,969</u>	<u>1,436,625</u>

#### 14. CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Housing Loans	219,165	142,969
Trade Creditors	351,066	437,916
Rent in Advance	257,318	231,316
Other Taxation and Social Security	40,269	22,837
Other Creditors	113,277	88,830
Accruals and Deferred Income	50,546	42,040
	<u>1,031,641</u>	<u>965,908</u>

At the balance sheet date there were pension contributions outstanding of £19,125 (2010 £10,158)

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

	2011	2010
	£	£
Housing Loans	3,925,946	2,673,754
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:-		
Within one year	219,165	142,969
Between one and two years	223,719	150,447
Between two and five years	662,984	466,632
In five years or more	3,039,243	2,056,675
	<u>4,145,111</u>	<u>2,816,723</u>
Less: Amount shown in Current Liabilities	219,165	142,969
	<u>3,925,946</u>	<u>2,673,754</u>

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow / (outflow) from operating activities</i>	2011 £	Restated 2010 £
Operating Surplus	1,028,352	368,390
Depreciation	186,987	127,443
Change in properties developed for resale	60,377	-
Change in Debtors	352,808	(651,264)
Change in Creditors	117,154	111,882
Contributions payable to Defined Benefit Scheme (Strathclyde)	(5,000)	(7,000)
Service Cost on Defined Benefit Scheme (Strathclyde)	5,000	7,000
Net Cash Inflow / (Outflow) from Operating Activities	<u>1,745,678</u>	<u>(43,549)</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2011 £	£	2010 £	£
Increase / (decrease) in Cash	1,541,105		(216,154)	
Cash flow from management of liquid resources	1,000,017		(2,741,656)	
Cash flow from change in debt	(1,328,388)		(499,839)	
Movement in net debt during year		1,212,734		(3,457,649)
Net debt at 1st April 2010		(2,527,697)		929,952
Net debt at 31st March 2011		<u>(1,314,963)</u>		<u>(2,527,697)</u>

<i>Analysis of changes in net debt</i>	At 01.04.10 £	Cash Flows £	Other Changes £	At 31.03.11 £
Cash at bank and in hand	269,762	1,541,105	-	1,810,867
Liquid Resources	269,762	1,541,105	-	1,810,867
Debt: Due within one year	19,264	(1,000,017)	-	1,019,281
Due after more than one year	(142,969)	(76,196)	-	(219,165)
Net Debt	<u>(2,673,754)</u>	<u>(1,252,192)</u>	-	<u>(3,925,946)</u>
	<u>(2,527,697)</u>	<u>(787,300)</u>	-	<u>(1,314,963)</u>

## GLASGOW WEST HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. SHARE CAPITAL

<b>Shares of £1 each Issued and Fully Paid</b>	<b>£</b>
At 1st April 2010	874
Issued in year	18
Cancelled in year	-
At 31st March 2011	<u>892</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

<b>(a) Designated Reserves</b>	<b>Furniture Replacement</b>	<b>Cyclical Maintenance</b>	<b>Major Repairs</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1st April 2010	405,499	344,234	3,428,258	4,177,991
Transfer to / (from) Revenue Reserves	<u>31,161</u>	<u>17,671</u>	<u>804,776</u>	<u>853,608</u>
At 31st March 2011	<u>436,660</u>	<u>361,905</u>	<u>4,233,034</u>	<u>5,031,599</u>
 <b>(b) Revenue Reserves</b>				<b>Total</b>
				<b>£</b>
At 1st April 2010				682,666
Prior period adjustment				<u>341,027</u>
At 1st April 2010 (restated)				1,023,693
Surplus for the year				1,113,123
Transfer (to) / from Pension Reserve				(27,000)
Transfer (to) / from Designated Reserves				<u>(853,608)</u>
At 31st March 2011				<u>1,256,208</u>
 <b>(c) Pension Reserve</b>				<b>Total</b>
				<b>£</b>
At 1st April 2010				3,000
Contribution in year				5,000
Actuarial Gains in the year				25,000
Transfer from Revenue Reserve				<u>22,000</u>
At 31st March 2011				<u>55,000</u>

#### 19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	<b>2011</b>	<b>2010</b>
	<b>No.</b>	<b>No.</b>
General Needs - New Build	884	831
- Rehabilitation	-	-
Shared Ownership	6	6
Supported Housing	-	-
	<u>890</u>	<u>837</u>

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

### 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:

6 members are tenants of the Association  
1 member is a factored owner

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 ASSET INVESTMENT

	2011 £	2010 £
<b>Shared Equity Properties</b>		
Development Cost of Shared Equity Property	341,682	238,209
Less: Grants Receivable	<u>341,682</u>	<u>238,209</u>
	-	-
<b>Investments in Subsidiaries</b>		
As at 31st March 2011 & 31st March 2010	<u>1</u>	<u>1</u>

In the opinion of the Committee of Management the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary Glasgow West Enterprises Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The subsidiary was incorporated on 26th March 2010 and did not trade in the period to 31st March 2011. The parent association has incurred £10,121 of costs in the formation of the subsidiary which it will recover from the subsidiary following commencement of trading. These costs are included within debtors in the Association's balance sheet.

The aggregate amount of capital and reserves and the results of Glasgow West Enterprises Limited for the year ended 31st March 2011 were as follows:

	2011 £
Capital & Reserves	<u>(10,120)</u>
Loss for the year	<u>(10,121)</u>



## GLASGOW WEST HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 22. DEVELOPMENT COST OF HOUSING PROPERTY

	2011 £	2010 £
<b>Shared Equity Properties</b>		
In the course of construction	-	639,460
Completed Properties Unsold	475,610	-
	<u>475,610</u>	<u>639,460</u>
Less: Grants Received from Scottish Ministers	(202,465)	(243,025)
	<u>273,145</u>	<u>396,435</u>

#### 23. NEGATIVE GOODWILL

	2011 £
Balance as at 1st April 2010	407,908
Release during the year	(8,099)
	<u>399,809</u>

#### 24. CURRENT ASSET INVESTMENTS

	2011 £	2010 £
Short Term Deposits	<u>1,019,281</u>	<u>19,264</u>

#### 25. POST BALANCE SHEET EVENT

In April 2011 tenants of Argyle LHO agreed to the transfer of their properties from Glasgow Housing Association to Glasgow West Housing Association. A date of 27 June has been agreed for the stock transfer. It is not practical to estimate the financial effect of the transaction at this stage.

#### 26. PRIOR PERIOD ADJUSTMENT

During the prior period, major repairs totalling £708,102 were carried out on the Hyndland stock that was transferred to Glasgow West in July 2009. 50% of these major repairs were capitalised in the year to 31 March 2010 on the basis that the works would have resulted in an extension to the useful life of the properties. Following completion of the repairs and a valuation of the properties, it was established that 100% of the repair work should be capitalised.

The adjustment results in an increase in the net book value of the Association's housing properties by £341,027, being an increase in cost of £354,051 and subsequent increase in depreciation of £13,024. Correspondingly, the surplus for the year ended 31 March 2010 has increased by £341,027.

## GLASGOW WEST HOUSING ASSOCIATION LIMITED

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### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 27. RETIREMENT BENEFIT OBLIGATIONS

##### General

Glasgow West Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

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

The Scheme offers five 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
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in

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 31st March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2008.

The Trustee commissions an actuarial valuation of the Scheme every three 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 values. 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% pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 18 active members of the Scheme employed by Glasgow West Housing Association Limited. The annual pensionable payroll in respect of these members was £533,700. 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 as the scheme is a multi-employer arrangement where the 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 Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

## GLASGOW WEST HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 27. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2009 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (equivalent to a past service funding level of 64.8%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

#### Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2009 were as follows:

	% p.a.
- Investment return pre-retirement	7.4
- Investment return post-retirement - non pensioners	4.6
- Investment return post-retirement - pensioners	4.8
- Rate of Salary increases	4.5
- Rate of pension increases:	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and 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	18.1	20.6
Pensioners	18.1	20.6

## GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 27. 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	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

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 £160m would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1st April 2011, increasing each 1 April in line with the rate of salary increases assumption.

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 2011

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 28. 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 were 0 active members of the scheme employed by the Association. Total pension contributions made by the Association for the year were £5000. This includes £0 of outstanding contributions at the balance sheet date. Gross pensionable salaries for the year were £18091.

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

##### Financial Assumptions

Assumptions as at	2011 %p.a.	2010 %p.a.	2009 %p.a.
Price increases	2.8	3.8	3.7
Salary increases	5.1	5.3	5.2
Pension increases	6.9	7.2	6.7
Discount rate	5.5	5.5	6.2

##### Asset Class

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:

	2011 % p.a.	2010 % p.a.
Equities	7.5	7.8
Bonds	4.9	5.0
Property	5.5	5.8
Cash	4.6	4.8
<b>Total</b>	<b>-</b>	<b>-</b>

##### Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements

	(Years)	(Years)
Current Pensioners	20.6	23.9
Future Pensioners	22.6	26.0

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**28. RETIREMENT BENEFIT OBLIGATIONS**

Fair value of scheme assets by category	2011	2010
	£'000	£'000
Equities	207	187
Bonds	35	32
Property	16	17
Cash	11	7
	<u>269</u>	<u>243</u>
<b>Net Pension Asset</b>		
	2011	2010
	£'000	£'000
Fair value of employer's assets	269	243
Present value of scheme liabilities	(214)	(240)
Present value of unfunded liabilities	-	-
	<u>55</u>	<u>3</u>
<b>Movement in year</b>		
	2011	2010
	£'000	£'000
Pension scheme surplus at beginning of year	3	(38)
Current service cost	(5)	(7)
Employer contributions	5	44
Past service (cost)/gain	21	-
Net return on assets	6	(1)
Actuarial (losses)/gains	25	5
Pension scheme surplus at end of year	<u>55</u>	<u>3</u>
<b>Analysis of amount charged to the Income and Expenditure Account</b>		
	2011	2010
	£'000	£'000
Charged to operating costs:		
Service cost	5	7
Past service cost	-	-
	<u>5</u>	<u>7</u>
Charged to Other Finance Costs / (Income)		
Past service gain	(21)	-
Expected Return on employer assets	(18)	(7)
Interest on pension scheme liabilities	12	8
	<u>(27)</u>	<u>1</u>
<b>Net Charge to the Income and Expenditure Account</b>		
	<u>(22)</u>	<u>8</u>
<b>Actual Return on Plan Assets</b>	19	38

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 28. RETIREMENT BENEFIT OBLIGATIONS

Amounts for the current and previous accounting periods:

	2011 £'000	2010 £'000
Fair value of employer assets	269	243
Present value of defined benefit obligations	(214)	(240)
Surplus	55	3
Experience gains on assets	2	31
Experience gains on liabilities	-	(26)

Actuarial (Loss) / Gain recognised in the Statement of Recognised Gains and Losses

	2011 £'000	2010 £'000
Actuarial gain recognised in year	25	5
Cumulative actuarial gains	30	5

### Employment Data

	2011 (Number)	2010 (Number)
Actives	-	2
Deferreds	-	-
Pensioners	2	-

Analysis of projected amount to be charged to the Income & Expenditure Account for the year ended 31 March 2011

	£'000	% of pay*
Projected current service cost	-	-
Interest on obligation	12	-
Expected return on plan assets	(19)	-
Past service costs	-	-
Losses / (Gain) on curtailments and settlements	-	-
	<u>(7)</u>	<u>-</u>

\*Employer's contributions for the year to 31 March 2012 will be £0.