

Glasgow West Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2013

Registered Housing Association No. HEP 126

FCA 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 2013**

COMMITTEE OF MANAGEMENT

George MacDonald	Chairperson
Walter Halley	Vice Chairperson
Joseph Gowran	Resigned 29/01/2013
James Michael	Secretary
Moira Wadsworth	
Jim Anderson	
Hanif Mirza	
Yushin Toda	
John Banks	Treasurer
Joginder Makar	
George Fraser	

EXECUTIVE OFFICERS

Linda Reid	Chief Executive
Elaine Travers	Services Director
Anne Allan	Corporate Director
Ruth Brogan	New Business Director

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

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 2013

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2013.

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 £143,000. Net assets now stand at £20m.

In the year following the transfer of stock from Glasgow Housing Association, to GWHA, i.e. the early stages towards 2015 consolidation, GWHA's Corporate Plan's expected internal focus, is reflected through the heavier Robust Governance and Optimum Performance Drivers. This was further exacerbated by the unprecedented raft of consultative exchanges towards the significant sector, regulatory and government reforms and extraordinary external environment. Significant achievements in Rent Restructuring, Welfare Reform Mitigation and upgrading the Glasgow West Housing Quality Standard (GWHQS) have been overshadowed by the impact of the stock transfer on GWHA's historically strong Scottish Housing Quality Standard (SHQS) performance along with operational slippage in the traditional Major Repairs Programme. Further restructuring of the Property Services Team and fully provisioned corporate priorities should ensure timely recovery of peak performance and SHQS compliance by 2015. Arrears performance continues to be a priority, particularly in the context of stock transfer and Welfare Reform, where GWHA's Tenancy Sustainment Team are building a momentum for mitigating the impact of further reforms, through a wider support and preventative context.

Progress with the Corunna/Dover Street potential development projects has been constrained by the limitations of the current development funding framework and while the cumulative risks of proceeding with these projects at this time has stalled the momentum, GWHA is exploring all options and working with GCC to ensure these projects can be progressed at the right time and under the right conditions.

A programme of phased transfer of the factoring service from GWHA to Glasgow West Enterprises Ltd has placed factoring in its rightful place and delivered appropriate governance. New Rules adopted by the membership in 2012, ensure an appropriate and modern governance framework and compliance with charitable and housing regulation. These will be further reviewed in 2014 to ensure full compliance with the new regulatory framework.

Another challenging and successful year is attributed to embedded stakeholder engagement, the broad range of skills and experience of Committee members and the well-led, highly competent and enthusiastic staff. This is a sound platform for delivering GWHA's vision and mission through sustainable corporate strategies supporting and delivering Service Enhancement through Robust Governance and Optimum Performance.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2013

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 2010 and the Determination of Accounting Requirements 2012. 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.

**REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2013**

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.

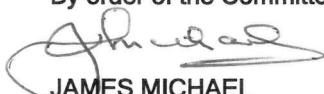
Donations

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

17 June 2013

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 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
17 June 2013

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 2013 which comprise an income and expenditure account, balance sheet, 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 Committee of Management 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 Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee'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 2013 and of its surplus 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 2010 and the Determination of Accounting Requirements 2012.

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

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

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- 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 Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- 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
17 June 2013

GLASGOW WEST HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	2013 £	Restated 2012 £
TURNOVER	2.	5,806,254	5,070,314
Operating Costs	2.	(4,178,789)	(3,757,369)
OPERATING SURPLUS	9.	1,627,465	1,312,945
Gain On Sale Of Housing Stock	7.	49,222	72,188
Release of Negative Goodwill		-	8,385,394
Interest Receivable and Other Income		290,325	132,207
Interest Payable and Similar Charges	8.	(76,452)	(57,334)
Defined Benefit Pension Scheme - Other Finance Gain	25.	8,000	14,000
		<u>271,095</u>	<u>8,546,455</u>
SURPLUS FOR THE YEAR		<u>1,898,560</u>	<u>9,859,400</u>

All amounts relate to continuing activities. Historical cost surpluses and deficits are identical to those shown in the accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES


		2013 £	2012 £
Surplus for the financial year		1,898,560	9,859,400
Prior year adjustment	24.	390,510	1,878,198
Actuarial (Losses) on Defined Benefit pension scheme	25.	(76,000)	(94,000)
Total gains recognised since last annual report		<u>2,213,070</u>	<u>11,643,598</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

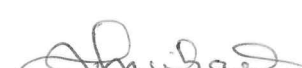
BALANCE SHEET AS AT 31st MARCH 2013

	Notes	£	2013 £	£	Restated 2012 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		54,056,285		54,419,262
Less: Social Housing Grant	11.(a)		(44,828,754)		(44,858,389)
			<u>9,227,531</u>		<u>9,560,873</u>
Other fixed assets	11.(b)		281,464		307,271
			<u>9,508,995</u>		<u>9,868,144</u>
FIXED ASSET INVESTMENTS					
Investment in subsidiaries	21.		1		1
Shared Equity Cost	21.	402,721		419,819	
Shared Equity Grant	21.	(402,721)		(419,819)	
			<u>-</u>		<u>-</u>
CURRENT ASSETS					
Debtors	13.	457,599		496,709	
Development Cost of Housing Property	22.	114,225		114,225	
Investments	23.	11,000,000		8,000,000	
Cash at bank and in hand		3,886,243		4,942,703	
			<u>15,458,067</u>	<u>13,553,637</u>	
CREDITORS: Amounts falling due within one year	14.	(1,200,185)		(1,316,518)	
NET CURRENT ASSETS			<u>14,257,882</u>		<u>12,237,119</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,766,878</u>		<u>22,105,264</u>
CREDITORS: Amounts falling due after more than one year	15.		(3,470,192)		(3,686,147)
NET ASSETS EXCLUDING PENSION LIABILITY			<u>20,296,686</u>		<u>18,419,117</u>
Pension (Liability)/ Asset	25.	(87,000)		(32,000)	
			<u>(87,000)</u>	<u>(32,000)</u>	
NET ASSETS			<u>20,209,686</u>		<u>18,387,117</u>
CAPITAL AND RESERVES					
Share Capital	17.		912		903
Designated Reserves	18.(a)		16,090,938		14,356,566
Revenue Reserves	18.(b)		4,204,836		4,061,648
Pension Reserve	18.(c)		(87,000)		(32,000)
			<u>20,209,686</u>		<u>18,387,117</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 17 June 2013.


Chairperson


Committee member


Secretary

GLASGOW WEST HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2013

	Notes	2013	2012
	£	£	£
Net Cash Inflow from Operating Activities	16.	1,980,886	2,231,646
Returns on Investment and Servicing of Finance			
Interest Received	277,701	51,854	
Interest Paid	(78,428)	(85,441)	
Net Cash Inflow / (Outflow) from Investment and Servicing of Finance		199,273	(33,587)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties	(119,577)	(270,073)	
Purchase of Other Fixed Assets	(5,907)	(12,798)	
Social Housing Grant Repaid	(37,389)	-	
Proceeds on Disposal of Properties	107,006	81,449	
Negative Goodwill Dowry Received	-	8,352,729	
Net Cash (Outflow) / Inflow from Capital Expenditure and Financial Investment		(26,815)	8,151,307
Net Cash Inflow before use of Liquid Resources and Financing		2,153,344	10,349,366
Management of Liquid Resources			
Change in short term deposits with banks		(3,000,000)	(6,980,719)
Financing			
Loan Principal Repayments	(209,813)	(236,822)	
Share Capital Issued	9	11	
Net Cash Outflow from Financing		(209,804)	(236,811)
(Decrease) / Increase in Cash	16.	(1,056,460)	3,131,836

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. 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.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Roof	50 years
Kitchen	15 years
Bathroom	25 years
Windows	25 years
Boiler	15 years
Central Heating System	30 years
Rewiring	30 years
Doors	30 years
Lift	40 years
Cladding	40 years

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.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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 attributed to individual components is written off to the Income and Expenditure Account when these components are replaced. 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.

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.

Retirement Benefits

Scottish Housing Associations' Pension Scheme

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.

Strathclyde Pension Fund

The Association participates in Strathclyde Pension Fund 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 organisations taken as a whole.

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities, measured on an actuarial basis using the projected unit method, are recognised in the Association's balance sheet as a pension scheme liability/asset as appropriate.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

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.

Service Charge Sinking Funds

The Association receive a service charge from owner occupiers to fund future planned maintenance, cyclical maintenance and car parks costs. In accordance with the Statement of Recommended Practice the balance of unspent service charge income is included as a liability where amounts are repayable or contributions are reduced.

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, which are exchange transactions, is written off to the Income and Expenditure account as the non-cash assets acquired are depreciated or sold. Negative goodwill arising in non-exchange transactions is written off to the Income and Expenditure account in the year of the transaction.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2013			2012		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	5,530,268	3,967,272	1,562,996	4,673,335	3,331,262	1,342,073
Other Activities	4.	275,986	211,517	64,469	396,979	426,107	(29,128)
Total		5,806,254	4,178,789	1,627,465	5,070,314	3,757,369	1,312,945

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2013 Total £	2012 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	5,254,661	-	10,694	5,265,355	4,489,653
Service Charges Receivable	308,459	-	-	308,459	225,343
Gross Rents Receivable	5,563,120	-	10,694	5,573,814	4,714,996
Less: Rent losses from voids	43,546	-	-	43,546	41,661
Net Rents Receivable	5,519,574	-	10,694	5,530,268	4,673,335
Revenue Grants from Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	5,519,574	-	10,694	5,530,268	4,673,335
Expenditure on Social Letting Activities					
Service Costs	516,663	-	-	516,663	372,608
Management and maintenance administration costs	2,074,075	-	-	2,074,075	1,629,038
Reactive Maintenance	803,367	-	-	803,367	643,808
Bad Debts - Rents and Service Charges	64,563	-	-	64,563	47,465
Planned and Cyclical Maintenance, including Major Repairs	188,212	-	-	188,212	311,038
Depreciation of Social Housing	316,485	-	3,907	320,392	327,305
Operating Costs of Social Letting	3,963,365	-	3,907	3,967,272	3,331,262
Operating Surplus on Social Letting Activities	1,556,209	-	6,787	1,562,996	1,342,073
2012	1,334,421	-	7,652		

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus /(Deficit) 2013 £	Operating Surplus /(Deficit) 2012 £
Wider Role Activities	-	-	-	-	-	-	-	-	(5,422)
Factoring	-	-	-	124,220	124,220	7,629	118,699	(2,108)	(8,167)
Development and construction of property activities	3,133	-	-	-	3,133	-	13,814	(10,681)	(9,261)
Agency / Management services for other RSLs	-	-	-	-	-	-	-	-	(24,934)
Other Income	-	-	-	26,113	26,113	-	-	26,113	15,158
Services - Other Owners	-	-	-	60,264	60,264	-	60,264	-	-
Commercial Units	-	-	-	62,256	62,256	-	11,111	51,145	3,498
Total From Other Activities	3,133	-	-	272,853	275,986	7,629	203,888	64,469	(29,128)
2012	30,657	-	-	366,322	396,979	11,372	414,735	(29,128)	

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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.

	2013	2012
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>67,553</u>	<u>64,496</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,392</u>	<u>5,914</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>67,553</u>	<u>64,496</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
£60,001 to £70,000	1	1
£70,001 to £80,000	-	-
£80,001 to £90,000	-	-

6. EMPLOYEE INFORMATION

	2013	2012
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>50</u>	<u>43</u>
Staff Costs were:	£	£
Wages and Salaries	1,429,328	1,125,413
Social Security Costs	113,122	86,416
Other Pension Costs	173,017	147,921
Temporary, Agency and Seconded Staff	78,512	80,713
	<u>1,793,979</u>	<u>1,440,463</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2013	2012
	£	£
Sales Proceeds	107,006	81,449
Cost of Sales	<u>57,784</u>	<u>9,261</u>
Gain On Sale Of Housing Stock	<u>49,222</u>	<u>72,188</u>

8. INTEREST PAYABLE

	2013	2012
	£	£
On Bank Loans & Overdrafts	<u>76,452</u>	<u>92,830</u>
	76,452	92,830
Less: Interest Capitalised	<u>-</u>	<u>35,496</u>
	<u>76,452</u>	<u>57,334</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £Nil (2012 £Nil).

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	352,106	358,605
Auditors' Remuneration - Audit Services	10,500	10,710
- Other Services	<u>-</u>	<u>1,800</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 2013

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 2012	56,052,815	362,137	379,902	56,794,854
Additions	11,954	7,445	-	19,399
Disposals	(6,042)	-	(60,047)	(66,089)
Schemes Completed	-	-	-	-
As at 31st March 2013	<u>56,058,727</u>	<u>369,582</u>	<u>319,855</u>	<u>56,748,164</u>
DEPRECIATION				
As at 1st April 2012	2,358,592	-	17,000	2,375,592
Charge for Year	314,901	-	3,907	318,808
Disposals	(258)	-	(2,263)	(2,521)
As at 31st March 2013	<u>2,673,235</u>	<u>-</u>	<u>18,644</u>	<u>2,691,879</u>
SOCIAL HOUSING GRANT				
As at 1st April 2012	44,504,016	144,706	209,667	44,858,389
Additions	11,954	-	-	11,954
Disposals	(4,200)	-	(37,389)	(41,589)
Schemes Completed	-	-	-	-
As at 31st March 2013	<u>44,511,770</u>	<u>144,706</u>	<u>172,278</u>	<u>44,828,754</u>
NET BOOK VALUE				
As at 31st March 2013	<u>8,873,722</u>	<u>224,876</u>	<u>128,933</u>	<u>9,227,531</u>
As at 31st March 2012	<u>9,190,207</u>	<u>217,431</u>	<u>153,235</u>	<u>9,560,873</u>

Additions to housing properties includes capitalised development administration costs of £Nil (2012 - £Nil) and capitalised major repair costs to existing properties of £11,954 (2012 £250,380)

All land and housing properties are freehold.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 2012	195,158	512,423	106,543	814,124
Additions	-	-	5,907	5,907
Eliminated on Disposals	-	-	(84,881)	(84,881)
As at 31st March 2013	195,158	512,423	27,569	735,150
GRANTS RECEIVED				
As at 1st April 2012	-	98,358	-	98,358
Received in year	-	-	-	-
Repaid on Disposal	-	-	-	-
As at 31st March 2013	-	98,358	-	98,358
AGGREGATE DEPRECIATION				
As at 1st April 2012	114,331	199,362	94,802	408,495
Charge for year	7,806	16,563	7,345	31,714
Eliminated on disposal	-	-	(84,881)	(84,881)
As at 31st March 2013	122,137	215,925	17,266	355,328
NET BOOK VALUE				
As at 31st March 2013	73,021	198,140	10,303	281,464
As at 31st March 2012	80,827	214,703	11,741	307,271

12. CAPITAL COMMITMENTS

	2013 £	2012 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	-

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBTORS

	2013	2012
	£	£
Arrears of Rent & Service Charges	279,888	211,141
Less: Provision for Doubtful Debts	(171,598)	(119,455)
	<u>108,290</u>	<u>91,686</u>
Other Debtors	237,489	336,333
Amounts Due from Group Undertakings	111,820	68,690
	<u>457,599</u>	<u>496,709</u>

14. CREDITORS: Amounts falling due within one year

	2013	2012
	£	£
Housing Loans	228,021	221,879
Trade Creditors	278,429	499,856
Rent in Advance	361,634	330,200
Social Housing Grant in Advance	17,098	-
Other Taxation and Social Security	36,721	35,295
Other Creditors	137,337	121,729
Accruals and Deferred Income	140,945	107,559
	<u>1,200,185</u>	<u>1,316,518</u>

At the balance sheet date there were pension contributions outstanding of £41,845 (2012 £18,559)

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

	2013	2012
	£	£
Housing Loans	<u>3,470,192</u>	<u>3,686,147</u>

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	228,021	223,165
Between one and two years	243,332	226,766
Between two and five years	732,331	697,306
In five years or more	<u>2,494,529</u>	<u>2,760,789</u>
	3,698,213	3,908,026
Less: Amount shown in Current Liabilities	228,021	221,879
	<u>3,470,192</u>	<u>3,686,147</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2013 £	2012 £
Operating Surplus	1,627,465	1,312,945
Depreciation	352,106	358,605
Change in properties developed for resale	-	158,920
Change in Debtors	51,734	142,590
Change in Creditors	(37,419)	270,586
Contributions payable to Defined Benefit Scheme (Strathclyde)	(68,000)	(46,000)
Service Cost on Defined Benefit Scheme (Strathclyde)	55,000	34,000
Net Cash Inflow from Operating Activities	<u>1,980,886</u>	<u>2,231,646</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2013 £	£	2012 £	£
(Decrease) / Increase in Cash	(1,056,460)		3,131,836	
Cash flow from management of liquid resources	3,000,000		6,980,719	
Cash flow from change in debt	209,813		237,085	
Movement in net debt during year		2,153,353		10,349,640
Net debt at 1st April 2012		9,034,677		(1,314,963)
Net debt at 31st March 2013		<u>11,188,030</u>		<u>9,034,677</u>

<i>Analysis of changes in net debt</i>	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	4,942,703	(1,056,460)		3,886,243
Liquid Resources	4,942,703	(1,056,460)		3,886,243
Debt: Due within one year	8,000,000	(3,000,000)		11,000,000
Due after more than one year	(221,879)	221,879	(228,021)	(228,021)
	(3,686,147)	(12,066)	228,021	(3,470,192)
Net Debt	<u>9,034,677</u>	<u>(3,846,647)</u>	-	<u>11,188,030</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2012	903
Issued in year	9
Cancelled in year	-
At 31st March 2013	<u>912</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 £	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2012	436,660	363,295	13,556,611	14,356,566
Transfer to / (from) Revenue Reserves	-	126,584	1,607,788	1,734,372
At 31st March 2013	<u>436,660</u>	<u>489,879</u>	<u>15,164,399</u>	<u>16,090,938</u>

(b) Revenue Reserves

	Total £
At 1st April 2012 - restated	4,061,648
Surplus for the year	1,898,560
Transfer (to) / from Pension Reserve	(21,000)
Transfer (to) / from Designated Reserves	(1,734,372)
At 31st March 2013	<u>4,204,836</u>

(c) Pension Reserve (Strathclyde Pension)

	Total £
At 1st April 2012	(32,000)
Actuarial loss in the year	(76,000)
Transfer (to) / from From Revenue Reserves	21,000
	<u>(87,000)</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2013	2012
	No.	No.
General Needs - New Build	228	228
- Rehabilitation	1,300	1,301
Shared Ownership	5	6
	<u>1,533</u>	<u>1,535</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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:

4 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.

21. FIXED ASSET INVESTMENT

	2013 £	2012 £
Shared Equity Properties		
Development Cost of Shared Equity Property	402,721	419,819
Less: Grants Receivable	402,721	419,819
	<u>-</u>	<u>-</u>
Investments in Subsidiaries		
As at 31st March 2013 & 31st March 2012	<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 Ltd. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The following transactions took place between the entities during the year: GWHA received management fees of £60,264 from Glasgow West Enterprises (GWEN), GWEN collected factoring receipts on behalf of GWHA and GWHA paid expenses on behalf of GWEN. At the year end £111,820 (2012 - £68,690) was receivable from GWEN.

The aggregate amount of capital and reserves and the results of Glasgow West Enterprises Ltd for the year ended 31st March 2013 were as follows:

	2013 £	2012 £
Capital & Reserves	<u>(9,198)</u>	<u>(10,020)</u>
Profit for the year	<u>822</u>	<u>100</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. DEVELOPMENT COST OF HOUSING PROPERTY

	2013 £	2012 £
Shared Equity Properties		
In the course of construction	-	-
Completed Properties Unsold	238,553	238,553
	<u>238,553</u>	<u>238,553</u>
Less: Grants Received from Scottish Ministers	(124,328)	(124,328)
	<u>114,225</u>	<u>114,225</u>

23. CURRENT ASSET INVESTMENTS

	2013 £	2012 £
Short Term Deposits	11,000,000	8,000,000
	<u>11,000,000</u>	<u>8,000,000</u>

24. PRIOR YEAR ADJUSTMENT

During the year, the Association revised its accounting policy for negative goodwill to adopt the requirements of the Statement of Recommended Practice (SORP) 2010 in relation to negative goodwill arising from non exchange transactions.

It was identified that the transfer of properties from Avalon Housing Association in June 2002 was a non exchange transaction and that under the SORP, a prior year adjustment should be processed to release the goodwill to the Income and Expenditure Account. In the financial statements for the previous year, negative goodwill relating to Avalon of £390,510 was reported in the Association's Balance Sheet and £9,299 had been released to the Income and Expenditure account in the year.

The figures in the 2012 Financial Statements were adjusted as follows

	Reported in 2012 accounts £	Restated 2012 figures £	Value of restatement £
Balance Sheet			
Negative goodwill	390,510	-	(390,510)
Revenue reserves	3,671,138	4,061,648	390,510
Income and Expenditure Account			
Release of negative goodwill	8,394,693	8,385,394	(9,299)

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. 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 2013.

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 9.6% of pensionable salaries. Member contributions were also 9.6%.

As at the balance sheet date there were 16 active members of the Scheme employed by Glasgow West Housing Association Limited. The annual pensionable payroll in respect of these members was £55,131. 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 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. This valuation is due to be finalised by December 2013. However, draft results have been published. The market value of the Scheme's assets at the valuation date was £394m. The draft valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2012 have not yet been published, but the assumptions at 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 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. 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.

The Trustees are currently reviewing the progress of the Recovery Plan and will be supplying updated contribution figures to members in due course. However, they have indicated that the deficit will be based on each member's share of the deficit and that the average increase would (if there is no change in the recovery plan period) be in the region of 153%.

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 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. 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 11 active members of the scheme employed by the Association and 2 retired members. Total pension contributions made by the Association for the year were £68,000. Gross pensionable salaries for the year were £272,000.

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	2013 %p.a.	2012 %p.a.	2011 %p.a.
Pension increase rate	2.8	2.5	2.8
Salary increase rate	5.1	4.8	5.1
Expected return on assets	5.2	5.8	6.9
Discount rate	4.5	4.8	5.5

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:

	2013 % p.a.	2012 % p.a.
Equities	5.7	6.3
Bonds	3.4	3.9
Property	3.9	4.4
Cash	3.0	3.5

Mortality Rates

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

	(Years)	(Years)
Current Pensioners	21.0	23.4
Future Pensioners	23.3	25.3

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2013	2012	2011
	£'000	£'000	£'000
Equities	888	733	207
Bonds	163	104	35
Property	82	66	16
Cash	35	47	11
	<u>1,168</u>	<u>950</u>	<u>269</u>

Net Pension (Liability)/Asset

	2013	2012	2011
	£'000	£'000	£'001
Fair value of employer's assets	1,168	950	269
Present value of scheme liabilities	(1,255)	(982)	(214)
Present value of unfunded liabilities	-	-	-
	<u>(87)</u>	<u>(32)</u>	<u>55</u>

Movement in year

	2013	2012	2011
	£'000	£'000	£'001
Pension scheme surplus/(deficit) at beginning of year	(32)	55	3
Current service cost	(55)	(34)	(5)
Employer contributions	68	46	5
Past service (cost)/gain	-	-	21
Net return on assets	8	14	6
Actuarial (losses)/gains	(76)	(94)	25
Net liabilities assumed in business combination		(19)	-
	<u>(87)</u>	<u>(32)</u>	<u>55</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2013 £'000	2012 £'000
Charged to operating costs:		
Service cost	55	34
	<u>55</u>	<u>34</u>
Charged to FRS 17 Valuation Other Finance Costs / (Income):		
Expected Return on employer assets	(57)	(55)
Interest on pension scheme liabilities	49	41
	<u>(8)</u>	<u>(14)</u>
Net Charge to the Income and Expenditure Account	<u>47</u>	<u>20</u>
Actual Return on Plan Assets	<u>146</u>	<u>33</u>

	2013 £'000	2012 £'000	2011 £'000
Fair value of employer assets	1,168	950	269
Present value of defined benefit obligations	(1,255)	(982)	(214)
Deficit	(87)	(32)	55
Experience gains on assets	90	(91)	2
Experience gains on liabilities	1	41	-

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

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

	2013 £'000	2012 £'000	2011 £'000
Actuarial gain recognised in year	(76)	(94)	25
Cumulative actuarial gains	(140)	(64)	30

Employment Data

	2013 (Number)	2012 (Number)	2011 (Number)
Actives	11	11	-
Deferreds	-	-	-
Pensioners	2	2	2

Analysis of projected amount to be charged to the Income & Expenditure Account for the year ended 31 March 2014.

	£'000	% of pay*
Projected current service cost	73	20.2
Interest on obligation	58	19.4
Expected return on plan assets	(62)	(23.0)
Past service costs	-	-
Losses / (Gain) on curtailments and settlements	-	-
	<u>69</u>	<u>16.6</u>