

Glasgow West Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No. HEP 126

FCA Reference No. 1955R (S)

Scottish Charity No. SCO01667

GLASGOW WEST HOUSING ASSOCIATION LIMITED

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GLASGOW WEST HOUSING ASSOCIATION LIMITED

MEMBERS, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2016

MEMBERS

Yushin Toda	Chairperson
Walter Halley	Resigned 27/6/15
Moira Wadsworth	Vice Chairperson
James Michael	Secretary
John Banks	Resigned 17/11/15
Joginder Makar	Treasurer
Jim Anderson	Resigned 27/6/15
George Fraser	
Hanif Mirza	
Margaret Semple	
Elizabeth Marshall	Resigned 23/02/16
Bob Hay	
David McLavin	Elected 27/6/15: Resigned 24/11/15
Catherine McCutcheon	Appointed Co-optee 27/6/15
Steve Jenkins	Appointed Casual Member 24/11/15
Scott McMahan	Appointed Casual Member 15/03/16

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

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL AUDITORS

Quinn Internal Audit Services Ltd
55 Lady Place
Livingston
West Lothian
EH54 6TB

BANKERS

Clydesdale Bank
326 Byres Road
Glasgow

SOLICITORS

T C Young
7 West George Street
Glasgow
G2 1BA

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MEMBERS FOR THE YEAR ENDED 31ST MARCH 2016

The Members presents its report and the Financial Statements for the year ended 31st March 2016.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1955R (S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO01667.

Principal Activities

The Association is a Registered Scottish Charity and we provide relief of those in need by reason of age, ill health (whether related to mental or physical health), disability (whether due to mental or physical health issues or learning disabilities), financial hardship or other disadvantage, both to individual persons or to a group of persons with similar needs and issues by:

1. providing, constructing, improving and managing land, accommodation and associated facilities and providing care;
2. providing or arranging home maintenance, repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
3. undertaking any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2001, including any statutory amendment or reenactment of the provisions of this section from time to time being in force; and
4. carrying on any other charitable activities permitted to registered social landlords from time to time.

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 has been set aside to fund the Major Repairs programme. Net current assets now stand at £18.3m.

The journey towards Glasgow West Housing Association's 2020 vision continues with appropriate pace as we embed the stock transfer from Glasgow Housing Association and endeavour to deliver SHQS. Despite delivery of 98% of the 2015/16 SHQS Plan, traditional tenemental stonework along with high rise lift replacements and other challenges from multi tenure stock impacted on this ever moving feast of SHQS. With the support of Glasgow City Council, four properties were acquired from local owners and plans are in place to ensure that these properties meet SHQS in 2016. A comprehensive stock condition survey informed the Glasgow West Housing Quality Standard which introduced an ambitious five year investment programme to address new Energy Efficiency standards by 2020 and a planned Stonework Strategy. A new Procurement Strategy has ensured compliance with regulations. Responding to feedback from our Satisfaction Survey we have restructured our Property Services team and a dedicated Repairs Team is delivering improvements of our report.repairs service. Sound performance in rent collection performance is evident and particularly welcome in the context of Welfare Reform, where Glasgow West Housing Association's dedicated Tenancy Sustainment Team have built a momentum for mitigating the impact of further reforms through wider support and preventative measures. We successfully piloted an out of hours emergency telephone contact point through our concierge team, with a view to consolidating this in 2016/17. Other pilot projects include electronic access to rent accounts and this will roll out and extend to factoring in 2016/17.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MEMBERS FOR THE YEAR ENDED 31ST MARCH 2016

Review of Business and Future Developments (Contd.)

Despite delays out with our control and with support from Glasgow City Council, there is the potential for the new build project at Dover St/Breadalbane St in 2017; however, this must be affordable and dependent on the pace at which Glasgow City Council will transfer the land. The proposed new build project at Corunna Street has been set aside, subject to independent annual review of the site conditions.

Prudent management and sound fiscal planning have ensured continued strong financial performance. We geared up for the introduction of the new accounting framework, which significantly changes the way in which our accounts are presented from 31 March 2016. An efficiency strategy, capturing our culture of continuous improvement, value and efficiency, is evident and at forefront of our operations and service delivery. This includes initiatives to reduce the time properties are empty between lets, ensure rents remain affordable, achieve best value and added value (including work experience and apprenticeship opportunities, and investment in community spaces) from investment in our housing assets and the elimination of waste at all levels in the organisation. We listened to the feedback from tenants regarding rent increases and contained the increase for 2016/17 to 1.75%.

Glasgow West Housing Association's Committee Training Forum continues to offer opportunities for renewing and refreshing our membership and strengthening our governance. Three new members (all tenants) came on board through this route in 2015/16 and we are encouraging other tenants to participate in 2016/17.

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

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MEMBERS FOR THE YEAR ENDED 31ST MARCH 2016

Members and Executive Officers

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

Each member of the Members 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 Members.

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

Statement of Members' Responsibilities

The Co-operative and Community Benefit Act 2014 require the Members 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 Members 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 Members 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. 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 Members 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 Members 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 Members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MEMBERS FOR THE YEAR ENDED 31ST MARCH 2016

Statement on Internal Financial Control

The Members 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 Members' 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 Members 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;
- Quarterly 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;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Members;
- the Members 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.

The Members has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2016. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

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

By order of the Members



JAMES MICHAEL

Secretary

21 June 2016

GLASGOW WEST HOUSING ASSOCIATION LIMITED

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



In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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 relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
21 June 2016

We have audited the financial statements of Glasgow West Housing Association Limited for the year ended 31st March 2016 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and Accounting Standards of the United Kingdom.

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. 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 Members and Auditors

As explained more fully in the Statement of Members's Responsibilities the Association's Members, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications 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 2016 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

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.

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

Matters on which we are required to report by exception (contd.)

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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
21 June 2016

GLASGOW WEST HOUSING ASSOCIATION LIMITED

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

	Notes	2016 £	2015 £
			As restated
REVENUE	2.	7,042,846	6,621,326
Operating Costs	2.	(5,204,422)	(5,539,492)
OPERATING SURPLUS	9.	1,838,424	1,081,834
Gain On Sale Of Housing Stock	7.	24,348	406,423
Defined Benefits Pension Scheme - Other Finance Loss	25.	(15,000)	(7,000)
Interest Receivable and Other Income		194,124	223,555
Interest Payable and Similar Charges	8.	(41,009)	(46,766)
Other Finance Charges	11.	(55,370)	(42,623)
		107,093	533,589
SURPLUS FOR YEAR		1,945,517	1,615,423
Other Comprehensive Income/(Expenditure)	25.	241,000	(299,000)
TOTAL COMPREHENSIVE INCOME		2,186,517	1,316,423
Tax on surplus on ordinary activities	10.	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		2,186,517	1,316,423

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The notes on pages 13 to 31 form part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

	Notes	2016	2015
		£	£
			As restated
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	12.(a)	39,148,054	36,821,403
Other Non Current Assets	12.(b)	90,912	119,347
		39,238,966	36,940,750
INVESTMENTS			
Investment in subsidiaries	24.	1	1
Investment properties	24.	304,000	304,000
		304,001	304,001
CURRENT ASSETS			
Receivables	14.	2,191,729	318,952
Investments	24.	16,212,600	19,500,000
Cash at bank and in hand		2,048,751	1,034,719
		20,453,080	20,853,671
CREDITORS: Amounts falling due within one year	15.	(2,124,701)	(2,043,771)
NET CURRENT ASSETS		18,328,379	18,809,900
TOTAL ASSETS LESS CURRENT LIABILITIES		57,871,346	56,054,651
CREDITORS: Amounts falling due after more than one year	16.	(3,291,327)	(3,537,227)
PROVISIONS FOR LIABILITIES AND CHARGES			
Other Provisions	25.	(258,000)	(459,000)
		(258,000)	(459,000)
DEFERRED INCOME			
Social Housing Grants	18.	(27,270,193)	(27,189,199)
Other Grants	18.	(47,212)	(51,146)
		(27,317,405)	(27,240,345)
NET ASSETS		27,004,614	24,818,079
EQUITY			
Share Capital	19.	953	935
Revenue Reserves		27,003,661	24,817,144
		27,004,614	24,818,079

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The Financial Statements were approved by the Members and authorised for issue and signed on their behalf on 21 June 2016.


Chairperson


Vice Chairperson


Secretary

The notes on pages 13 to 31 form part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016 £	2015 £ As restated
Net Cash Inflow from Operating Activities	17.	1,409,779	1,884,748
Investing Activities			
Acquisition and Construction of Properties	(3,322,472)	(308,701)	
Purchase of Other Fixed Assets	(1,408)	(17,738)	
Social Housing Grant Received	(977,708)	1,009,890	
Social Housing Grant Repaid	679,378	(146,861)	
Changes on short term deposits with banks	3,287,400	(4,130,000)	
Proceeds on Disposal of Properties	24,348	1,509,933	
Net Cash Outflow from Investing Activities		(310,462)	(2,083,477)
Financing Activities			
Interest Received on Cash and Cash Equivalents	111,145	223,555	
Interest Paid on Loans	(36,776)	(46,766)	
Loan Principal Repayments	(159,672)	(596,991)	
Share Capital Issued	18	7	
Net Cash Outflow from Financing		(85,285)	(420,195)
Increase / (decrease) in Cash		1,014,032	(618,924)
Opening Cash & Cash Equivalents		1,034,719	1,653,643
Closing Cash & Cash Equivalents		2,048,751	1,034,719
Cash and Cash equivalents as at 31 March 2016			
Cash		2,048,751	1,034,719
Bank overdraft		-	-
		2,048,751	1,034,719

The notes on pages 13 to 31 form part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2014	928	23,500,721	23,501,649
Issue of Shares	7	-	7
Surplus for Year	-	1,316,423	1,316,423
Balance as at 31st March 2015	935	24,817,144	24,818,079
Balance as at 1st April 2015	935	24,817,144	24,818,079
Issue of Shares	18	-	18
Surplus for Year	-	2,186,517	2,186,517
Balance as at 31st March 2016	953	27,003,661	27,004,614

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

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.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of of the asset to which it relates.

Retirement Benefits

The Association participates in the Scottish Housing Association 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.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

The Association participates in the 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.

Valuation Of Housing Properties

Housing Properties are stated at cost 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 12. 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>
Roof	50 years
Structure	50 years
Cladding	40 years
Central Heating System	30 years
Doors	30 years
Rewiring	30 years
Bathrooms	25 years
Windows	25 years
Boilers	15 years
Kitchens	15 years

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

Depreciation And Impairment Of Other Non-Current Assets

Non-Current 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% Straight Line
Furniture and Fittings	- 20% Straight Line
Computer Equipment	- 33% Straight Line

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grant And Other Grants In Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate. Social Housing Grant attributed to individual components is written off to the Statement of comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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 costs. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Committee of Management to exercise judgement in applying the accounting policies of Glasgow West Housing Association Limited. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this.

Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position 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.

Service Charge Sinking Funds

The Association receives a service charge from owner occupiers to fund future planned maintenance, cyclical maintenance and car park costs. In accordance with the Statement of Recommended Practice the balance of unspent service 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 Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

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

Key Judgements made in the application of Accounting Policies

a) Exemptions taken in the transition to FRS 102

The Association has considered and taken advantage of the following exemptions in its first time application of FRS 102:

- i) The Association has not revisited previous accounting estimates
- ii) The Association has not revisited the accounting for previous business combinations

b) The Categorisation of Housing Properties

In the judgement of the Committee of Management, the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

c) Identification of cash generating units

The Association considers its cash generating units to be the schemes in which it manages its housing property for asset management purposes.

d) Pensions

We have calculated the SHAPS past service deficit liability using the latest accounting estimates available, these being based on the 2015 triennial valuation, and believe these represent a fair estimate of the liability due.

Financial Instruments - Basic

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

Notes	2016			2015		
	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
					As restated	
Affordable letting activities	3. 6,883,603	5,057,825	1,825,778	6,451,792	5,384,263	1,067,529
Other Activities	4. 159,243	146,597	12,646	169,534	155,229	14,305
Total	7,042,846	5,204,422	1,838,424	6,621,326	5,539,492	1,081,834

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared ownership £	2016 Total £	2015 Total £
					As restated
Revenue from Lettings					
Rent Receivable Net of Service Charges	5,897,681	-	7,905	5,905,586	5,749,209
Service Charges	160,730	-	-	160,730	165,710
Gross income from rent and service charges	6,058,411	-	7,905	6,066,316	5,914,919
Less: Rent losses from voids	83,361	-	-	83,361	63,695
Net Rents Receivable	5,975,050	-	7,905	5,982,955	5,851,224
Grants released from deferred income	900,648	-	-	900,648	600,568
Total turnover from affordable letting activities	6,875,698	-	7,905	6,883,603	6,451,792
Expenditure on affordable letting activities					
Management and maintenance administration costs	2,303,047	-	-	2,303,047	2,442,893
Service Costs	322,274	-	-	322,274	291,133
Planned and cyclical maintenance, including major repairs	565,158	-	-	565,158	683,966
Reactive maintenance costs	742,382	-	-	742,382	696,425
Bad Debts - rents and service charges	(6,140)	-	-	(6,140)	59,772
Depreciation of affordable let properties	1,131,104	-	-	1,131,104	1,210,074
Impairment of affordable letting activities	-	-	-	-	-
Operating costs of affordable letting activities	5,057,825	-	-	5,057,825	5,384,263
Operating surplus on affordable letting activities	1,817,873	-	7,905	1,825,778	1,067,529
2015 (as restated)	1,059,684	-	7,845		

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

GLASGOW WEST HOUSING ASSOCIATION LIM

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2016	Operating Surplus / (Deficit) 2015
	£	£	£	£	£	£	£
Investment property activities	-	38,111	38,111	-	11,369	26,742	(32,073)
Development and improvement for sale to other organisations	2,930	-	2,930	-	31,109	(28,179)	23,135
Other activities	-	118,202	118,202	-	95,701	22,501	-
Rechargeable Repair - Bad Debts	-	-	-	8,418	-	(8,418)	-
Total From Other Activities	2,930	156,313	159,243	8,418	138,179	12,646	(9,133)
2015 (as restated)	1,105	168,429	169,534	-	155,229	14,305	-

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

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Committee of Management, managers and employees of the Association.

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

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

Emoluments payable to Chief Executive (excluding pension contributions)

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

£70,001 to £80,000

	2016	2015
	£	£
	<u>72,978</u>	<u>72,048</u>
	<u>8,113</u>	<u>7,993</u>
	<u>72,978</u>	<u>72,048</u>
	<u>Number</u>	<u>Number</u>
	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was

The average total number of Employees employed during the year was

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

	2016	2015
	No.	No.
	<u>51</u>	<u>49</u>
	<u>53</u>	<u>49</u>
	£	£
		As restated
	<u>1,634,428</u>	<u>1,606,832</u>
	<u>129,037</u>	<u>126,029</u>
	<u>167,000</u>	<u>148,564</u>
	<u>29,697</u>	<u>36,235</u>
	<u>1,960,162</u>	<u>1,917,660</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	24,348	As restated 1,509,933
Cost of Sales	-	1,103,510
Gain On Sale Of Housing Stock	<u>24,348</u>	<u>406,423</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>41,009</u>	<u>46,766</u>

9. SURPLUS FOR YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		As restated
Depreciation - Tangible Owned Fixed Assets	1,160,947	1,243,512
Auditors' Remuneration - Audit Services	12,960	11,520
Auditors' Remuneration - Other Services	1,800	1,152
Gain on sale of fixed assets	<u>24,348</u>	<u>406,423</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.

11. OTHER FINANCE CHARGES

	2016	2015
	£	£
Unwinding of Discounted Liabilities	<u>55,370</u>	<u>42,623</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT 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 2015 (as restated)	55,585,827	422,300	182,401	56,190,528
Additions	3,151,102	306,653	-	3,457,755
As at 31st March 2016	<u>58,736,929</u>	<u>728,953</u>	<u>182,401</u>	59,648,283
DEPRECIATION				
As at 1st April 2015 (as restated)	19,296,957	-	72,168	19,369,125
Charge for Year	1,127,456	-	3,648	1,131,104
As at 31st March 2016	<u>20,424,413</u>	<u>-</u>	<u>75,816</u>	20,500,229
NET BOOK VALUE				
As at 31st March 2016	<u>38,312,516</u>	<u>728,953</u>	<u>106,585</u>	39,148,054
As at 31st March 2015 (as restated)	<u>36,288,870</u>	<u>422,300</u>	<u>110,233</u>	36,821,403

Additions to housing properties includes capitalised development administration costs of £nil (2015 - £nil) and capitalised major repair costs to existing properties of £2,732,354 (2015 - £243,703).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £4,765,295. The amount capitalised is £3,457,755, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £3,457,755 and improvement of £nil.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Furniture & Equipment £	Office Premises £	Total £
COST			
As at 1st April 2015 (as restated)	51,406	512,423	563,829
Additions	1,408	-	1,408
As at 31st March 2016	<u>52,814</u>	<u>512,423</u>	565,237
AGGREGATE DEPRECIATION			
As at 1st April 2015 (as restated)	34,544	409,938	444,482
Charge for year	9,346	20,497	29,843
As at 31st March 2016	<u>43,890</u>	<u>430,435</u>	474,325
NET BOOK VALUE			
As at 31st March 2016	<u>8,924</u>	<u>81,988</u>	90,912
As at 31st March 2015 (as restated)	<u>16,862</u>	<u>102,485</u>	119,347

13. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>891,767</u>	<u>2,987,203</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 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Arrears of Rent & Service Charges	92,187	142,077
Less: Provision for Doubtful Debts	(55,246)	(102,747)
	36,941	39,330
Social Housing Grant Receivable	977,708	-
Other Receivables	251,821	259,492
Amounts Due from Group Undertakings	925,259	20,130
	<u>2,191,729</u>	<u>318,952</u>

15. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 As restated £
Housing Loans	158,392	157,029
Trade Payables	262,678	248,776
Rent in Advance	497,847	487,288
Other Taxation and Social Security	63,358	36,803
Other Payables	195,691	116,955
Liability for Past Service Contributions	140,189	136,106
Accruals and Deferred Income	806,546	860,814
	<u>2,124,701</u>	<u>2,043,771</u>

At the balance sheet date there were pension contributions outstanding of £29,177 (2015 - £27,707)

16. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 As restated £
Housing Loans	2,552,423	2,713,458
Liability for Past Service Contributions	738,904	823,769
	<u>3,291,327</u>	<u>3,537,227</u>
Housing Loans		
Amounts due within one year	158,392	157,029
Amounts due in one year or more but less than two years	158,392	157,028
Amounts due in two years or more but less than five years	475,175	471,081
Amounts due in more than five years	1,918,855	2,085,349
	<u>2,710,815</u>	<u>2,870,487</u>
Less: Amount shown in Current Liabilities	158,392	157,029
	<u>2,552,423</u>	<u>2,713,458</u>
Liability for Past Service Contributions		
Amounts due within one year	140,189	136,106
Amounts due in one year or more but less than two years	149,535	133,040
Amounts due in two years or more but less than five years	451,802	424,942
Amounts due in more than five years	137,567	265,787
	<u>879,093</u>	<u>959,875</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
RBS	Standard Security over 60 properties	1.69%	2034	Variable
BoS	Standard Security over 42 properties	1.50%	2027	Variable
SBS	Standard Security over 31 properties	0.85%	2029	Variable
Nationwide	Standard Security over 39 properties	1.49%	2032	Variable

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.64% (2015 - 3.58%).

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2016 £	2015 £
Operating Surplus	1,838,424	1,081,834
Depreciation	1,160,947	1,210,074
Change in Provisions for liabilities and charges	40,000	21,000
Change in properties developed for resale	-	-
Amortisation of Capital Grants	(900,648)	(600,568)
Change in debtors	165,618	(22,648)
Change in creditors	(824,192)	651,102
Loss on sale of fixed assets	-	(406,423)
Unwinding of Discount on Pension Liability	(55,370)	(42,623)
Defined benefit pension scheme - other finance gain	(15,000)	(7,000)
Balance as at 31st March 2016	<u>1,409,779</u>	<u>1,884,748</u>

18. DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		As restated
Balance as at 1st April 2015	27,189,199	28,508,567
Additions in year	977,708	-
Released / Repaid as the result of property disposal	-	(722,734)
Amortisation in Year	(896,714)	(596,634)
Balance as at 31st March 2016	<u>27,270,193</u>	<u>27,189,199</u>
<i>Other Grants</i>		
Balance as at 1st April 2015	51,146	55,080
Amortisation in Year	(3,934)	(3,934)
Balance as at 31st March 2016	<u>47,212</u>	<u>51,146</u>
Total	<u>27,317,405</u>	<u>27,240,345</u>

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

	2016 £	2015 £
Amounts due within one year	900,648	600,568
Amounts due after one year	26,416,757	26,639,777
	<u>27,317,405</u>	<u>27,240,345</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	935
Issued in year	18
Cancelled in year	-
At 31st March 2016	<u>953</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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016	2015
	No.	No.
General Needs - New Build	228	228
General Needs - Rehabilitation	1,271	1,271
Shared Ownership	3	3
	<u>1,502</u>	<u>1,502</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

Members of the Members are related parties of the Association as defined by Financial Reporting Standard 102.

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.

Transactions with governing body members (and their close family) were as follows:

	£
Rent Received from Tenants on the Committee	<u>23,050</u>

At the year end total rent arrears owed by the tenant members of the Committee were £nil (2015 - £nil).

At the year end the amount due from Glasgow West Enterprises Limited was £925,259 (2015 - £20,130).

22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 5 Royal Crescent, Glasgow, G3 7SL.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Glasgow.

23. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £nil in the year by way of reimbursement of expenses (2015 - £nil). No remuneration is paid to Board members in respect of their duties in the Association.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. INVESTMENTS

<u>Investment properties</u>	Properties held for market rent	Commercial Properties	Total
Valuation			
As at 1 April 2015 (as restated)	-	304,000	304,000
Additions	-	-	-
Disposals	-	-	-
Revaluation taken to operating surplus	-	-	-
	<u>-</u>	<u>304,000</u>	<u>304,000</u>
		<u>2016</u>	<u>2015</u>
		£	£
Investments in Subsidiaries			
As at 31st March 2016 & 31st March 2015		1	1
		<u>1</u>	<u>1</u>

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

In the opinion of the Members 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.

During the year, Glasgow West Housing Association Limited received management fees from Glasgow West Enterprises Limited amounting to £95,701 (2015 - £99,774).

Glasgow West Housing Association Limited incurred expenditure on behalf of Glasgow West Enterprises Limited amounting to £840,003 (2015 - £nil).

Glasgow West Enterprise Limited collected receipts on behalf of Glasgow West Housing Association Limited amounting to £194,351 (2015 - £7,653).

Glasgow West Enterprises Limited repaid £224,926 (2015 - £nil) to Glasgow West Housing Association Limited.

The amount due to Glasgow West Housing Association Limited from Glasgow West Enterprises Limited at the balance sheet date was £925,259 (2015 - £20,130).

The aggregate amount of capital and reserves and the results of Glasgow West Enterprise Ltd for the year ended 31st March 2016 were as follows:

	2016	2015
	£	£
Capital & Reserves	<u>1</u>	<u>(12,868)</u>
Profit for the year	<u>12,869</u>	<u>4,197</u>
<u>Current Asset Investments</u>	2016	2015
	£	£
Short term deposits	<u>16,212,600</u>	<u>19,500,000</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

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.

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 FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2015 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 operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is re apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Based on the provisional valuation the Scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £155,311 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £879,093 (2015 - £959,875). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. The discount rate used was 4%.

The Association made payments totalling £135,960 (2015 - £132,000) to the pension scheme during the year.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

Strathclyde Pension Scheme

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.

Total pension contributions made by the Association for the year were £69,000 (2015 - £67,000). Gross pensionable salaries for the year were £284,000 (2015 - £275,000).

Principal Actuarial Assumptions

Assumptions as at 31st March	2016 %p.a.	2015 %p.a.	2014 %p.a.
Price increases	2.2	2.4	2.8
Salary increases	4.2	4.3	5.1
Discount rate	3.5	3.2	4.3

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

	2016 £	2015 £
Employee members	2,085,000	2,173,000
	<u>2,085,000</u>	<u>2,173,000</u>
Net Pension Liability	2016 £	2015 £
Fair value of employer's assets	1,827,000	1,714,000
Present value of scheme liabilities	2,085,000	2,173,000
	<u></u>	<u></u>
Present value of unfunded liabilities	(258,000)	(459,000)

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2016 £	2015 £
Charged to operating costs:		
Current service cost	94,000	81,000
	<u>94,000</u>	<u>81,000</u>
Charged to Other Finance Costs / (Income)		
Interest income on plan assets	(56,000)	(58,000)
Interest cost on defined benefit obligation	71,000	65,000
	<u>15,000</u>	<u>7,000</u>
 Net Charge to the Income and Expenditure Account	 <u>109,000</u>	 <u>88,000</u>
 Total remeasurements recognised in Other Comprehensive Income/(Expenditure)		
Changes in demographic assumptions	-	(80,000)
Changes in financial assumptions	247,000	(244,000)
Other experience	5,000	(239,000)
Return on assets excluding amounts included in net interest	(11,000)	264,000
	<u>241,000</u>	<u>(299,000)</u>

Other Assumptions

Mortality Rates

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	22.1	23.6
Future Pensioners	24.8	26.2

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

Employer membership statistics	2016	2015
	(Number)	(Number)
Actives	10	10
Pensioners	3	3
Fair Value of employer assets		
	2016	2015
	£	£
Opening fair value of employer assets	1,714,000	1,325,000
Expected Return on Assets	56,000	58,000
Contributions by Members	17,000	17,000
Contributions by the Employer	69,000	67,000
Actuarial Gains / (Losses)	(11,000)	264,000
Estimated Benefits Paid	(18,000)	(17,000)
Closing fair value of employer assets	<u>1,827,000</u>	<u>1,714,000</u>
Fair value of scheme assets by category		
	2016	2015
	£	£
Equities	1,315,440	1,285,000
Bonds	292,320	223,000
Property	219,240	189,000
Cash	-	17,000
	<u>1,827,000</u>	<u>1,714,000</u>
Reconciliation of defined benefit obligations		
	2016	2015
	£	£
Opening defined benefit obligation	2,173,000	1,464,000
Current Service Cost	94,000	81,000
Interest Cost	71,000	65,000
Contributions by members	17,000	17,000
Actuarial Losses/(Gains)	(252,000)	563,000
Past service costs	-	-
Estimated Benefits Paid	(18,000)	(17,000)
	<u>2,085,000</u>	<u>2,173,000</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting period beginning on 1 April 2015. As a result of this the comparative figures for the period ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those previously adopted.

The following sets out the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 31 March 2016:

Reconciliation of Capital & Reserves						
At 31 March 2015				At 31 March 2014		
	As previously Stated	Effect of Transition	As Restated	As previously Stated	Effect of Transition	As Restated
Note	£	£	£	£	£	£
Non Current Assets	(i) 8,214,479	28,726,271	36,940,750	8,327,445	31,411,635	39,739,080
Investment	1	304,000	304,001	1	304,000	304,001
Debtors due after more than a year	-	-	-	-	-	-
Negative Goodwill	-	-	-	-	-	-
Current Assets	20,853,671	-	20,853,671	18,329,675	-	18,329,675
Current Liabilities	(ii) (1,871,492)	(172,279)	(2,043,771)	(1,583,945)	(136,818)	(1,720,763)
Non Current Liabilities	(ii) (2,713,458)	(823,769)	(3,537,227)	(2,872,443)	(1,576,182)	(4,448,625)
	(459,000)		(459,000)	(139,000)		(139,000)
Deferred Income	(i) -	(27,240,345)	(27,240,345)	-	(28,563,647)	(28,563,647)
	24,024,201	793,878	24,818,079	22,061,733	1,438,988	23,500,721
Capital & Reserves	(24,024,201)	(793,878)	(24,818,079)	(22,061,733)	(1,438,988)	(23,500,721)

Reconciliation of Retained Surpluses for the Year			
Year Ended 31 March 2015			
Note	As previously Stated	Effect of Transition	As Restated
	£	£	£
Revenue	(i) 6,020,758	600,568	6,621,326
Operating Costs	(i) & (ii) (4,632,082)	(907,410)	(5,539,492)
Other Income	700,996	(294,573)	406,423
Exceptional item	16,000	(23,000)	(7,000)
Interest Receivable	223,555	-	223,555
Interest Payable	(46,766)	-	(46,766)
Other Finance Income / Costs	(iii) -	(42,623)	(42,623)
Other Comprehensive Expenditure	-	(299,000)	(299,000)
Surplus	2,282,461	(966,038)	1,316,423

Notes to the Reconciliations

(i) - Social Housing Grants and Other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

(ii) - As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs. In addition, the Association has an interest rate swap which was previously unrecognised, but now requires to be recognised at its fair value under FRS 102 Section 12.

(iii) - The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A.