



# DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2011

**The Glasgow Housing Association Limited**

(Industrial & Provident Society No. P2572RS)  
(Scottish Housing Regulator Registration No. 317)  
(Scottish Charity No. SC034054)

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## CHAIR'S REPORT

One of the best parts of being the Chair of GHA is that I see at first hand the differences that are being made to people's lives in Glasgow.

Good housing is the solid foundations on which people can have "**better lives**" and earlier this year we passed a major milestone in GHA history when our Investment Programme topped the £1 billion mark. We have now modernised almost 70,000 former council houses since stock transfer in 2003. Yes, that means **£1 BILLION** has been spent refurbishing homes across the city to make them warmer, drier and safer.

It is, and continues to be, the biggest modernisation programme of its kind in Europe, and we are proud of the fact that such a huge capital-investment project is being delivered **ON TIME** and **WITHIN BUDGET**. How many times in the past 100 years has a public-sector – or indeed any major organisation - been able to say that?

I have met and spoken to in the past year tenants and homeowners across Glasgow who are now living in homes with new kitchens and bathrooms, overcladding, roofs, doors, windows and heating systems. It's marvellous hearing them talk about the difference it has made to their lives.

We still have another two years to go, and another £200 million to spend, on completing the job of bringing the rest of our houses up to date and up to the Scottish Housing Quality Standard. I'm confident there will be no slippage on the great progress we've made to date, and that the promises made to tenants at the time of stock transfer in 2003 will be completed – in full and on time.

GHA is a smaller – and different - organisation to the one it was this time last year. At the end of June, we completed our Second Stage Transfer programme, having transferred over 19,000 houses to community-based housing organisations. With around 45,000 tenanted homes and 25,000 factored homeowners remaining, GHA is still Scotland's biggest landlord, but it is more **locally focused** and more **locally controlled** than it has ever been.

During 2010-11, we put in place new governance arrangements, built around four new Area Committees covering North, South, East and West. These committees have tenant chairs, local community representatives, including city councillors, and a budget each year to spend on what they decide, after consultation, are local priorities.

One of our favourite sayings at GHA is that we are about more - much more - than "bricks and mortar". This means we want to help people achieve their full potential. What does this mean? A good example would be that over the past year we helped more than 460 people into work through schemes like Community Janitors' and Modern Apprenticeships for school leavers. We also retained a clause in contracts with contractors, which says they must offer jobs and training to local people.

We also set about making our neighbourhoods "**Cleaner, Greener and Safer**". This ranged from a major reorganisation of our environmental, cleaning and security services to the launch of a ground-breaking pilot project involving the secondment of 12 Strathclyde Police officers to GHA to help us tackle anti-social behaviour. Our big campaign to create "**better lives**" for tenants and homeowners to go with their "**better homes**" is well and truly underway!

The GHA Board, management team and staff are also keen to attract even more people to have a **real say** in the decisions made about their homes and communities. Hundreds of tenants and homeowners are already actively involved - week in, week out - with GHA and our property-management subsidiary, YourPlace. My greatest wish for the next year is that even more people, particularly the younger generations, find and take the time to become involved too, through the committees of their Local Housing Organisations and the owners' forum.

I have thoroughly enjoyed my first year as Chair. I really believe GHA is an organisation doing great work for the people it serves. Of course, there is still much to do, but we are more determined than ever to live up to our vision of "**Better homes, better lives, a better Glasgow**".

**Gordon Sloan**  
**GHA Chair**

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## CHIEF EXECUTIVE'S REPORT

GHA's place in Glasgow and in Scotland - as a leading social landlord, regeneration partner, major employer and, this year, an emerging business group - was consolidated throughout 2010-11.

Some of the most significant milestones passed were the:

- completion of the Second Stage Transfer (SST) programme;
- overhaul of governance arrangements to put tenants, factored homeowners and local communities more firmly at the heart of our decision-making processes;
- re-organisation of our service structure by slimming down head office and strengthening and expanding frontline services; and
- launch of our new GHA Training Academy at Granite House in the Trongate.

Through SST, the ownership and management of over 19,000 GHA homes has been passed to community-based housing organisations. We now go forward with the remaining 45,000 homes as a long-term social landlord, totally committed to improving the quality and range of the affordable homes and services we provide and, in partnership with other bodies, the lifestyles and opportunities of our customers, young and old.

As chief executive, I am determined to challenge and inspire the Executive and Leadership teams, and all of our talented and hard-working colleagues across the organisation, to do what we do better.

Our performance continues to improve across all areas of the business, including letting times, rent arrears and tenancy sustainment. Our challenge is to achieve even higher targets of customer satisfaction. We can do this by doing even more to harness the passion and dedication of our staff, developing and deploying new technology to better effect and working even more closely and effectively with our city and national partners.

We are united and ambitious as **ONE GHA** in our shared determination to be a world-class organisation, with complete customer focus. We were described earlier this year by the then Minister for Housing and Communities Alex Neil MSP as "the jewel in the housing crown" and as an "exemplar organisation on a Scottish, UK and European level". Such statements underline the progress we have made in recent years and in no way dilutes our determination going forward to create and maintain "**Better homes, better lives**" for the people we serve.

Our £1.2 billion Investment Programme – the largest of its kind in Europe – has already modernised 70,000 homes across Glasgow. Over the next two years, we will complete the programme – and the promises made to tenants at stock transfer in 2003 - to make all GHA homes "warmer, drier and safer". But we will do more than that: we will play an even bigger and more active part, with partners such as the City Council, police and health service, in improving the lives, neighbourhoods and the local environments of our customers.

This will be done by fully implementing GHA's first three-year Corporate Strategy, launched earlier this year, and through ground-breaking initiatives, ranging from the:

- secondment of 12 Strathclyde Police officers to work hand in glove with frontline housing staff to make GHA neighbourhoods better and safer places to live;

- creation of 1000 new jobs, apprenticeships and training opportunities over the next three years:
- and an innovative digital-inclusion project that will bring broadband and internet capability to 500 homes across the city.

There are many challenges ahead as we look to the future. One of the biggest will be the impact of the proposed Welfare Benefit reforms on thousands of tenants across the country, as well as on the revenue and financial capacity of organisations such as GHA. In preparing to manage such difficult challenges, our Corporate Strategy highlights the growing need to diversify and commercialise, where appropriate, some of our operations.

I am delighted to report good progress in this regard during 2010-11, with the development of our group structure and the formation of new wholly-owned subsidiaries - GHA Enterprises, and Lowther Homes. Sitting alongside our existing businesses, Your Place Property Management and GHA Funding Limited, these new subsidiaries will enable us to continue to invest in services and quality, affordable homes at the level our tenants and factored homeowners expect of GHA.

I am also pleased to report our commitment to continuous improvement has been recognised widely over the past year. This culminated in us receiving Scotland's most prestigious business honour - the Recognised for Excellence award. GHA was the only organisation from the public, private and voluntary sectors this year to gain the maximum five-star Recognised for Excellence rating by Quality Scotland. We also:

- gained re-accreditation in Customer Service Excellence, the national standard for customer excellence, overseen by the Government's Cabinet Office;
- achieved Investors in People status across the entire organisation;
- and became one of only 38 companies in the world to win The Sword of Honour, the highest international health and safety award.

All of these, and the progress we have made across so many fronts, give us the confidence to continue our journey in the pursuit of excellence. We will not be found wanting in the year ahead in our efforts to create "Better homes, better lives and a better Glasgow", and to realise our ambition to play a more active part in creating with our partners and stakeholders "**a better Scotland**".

A great deal has been achieved by the hard-working staff. Much more remains to be done

**Martin Armstrong**  
**Chief Executive**

## **OPERATING REVIEW**

GHA's place in Glasgow and in Scotland – as a leading social landlord, regeneration partner, major employer and, this year, an emerging business group – was consolidated in 2010-11.

Some of the most significant milestones were:

- strong results continued to be delivered across key areas of business performance
- successful completion of Second Stage Transfer (SST), a major milestone
- continued service improvements for tenants and factored homeowners
- being Recognised for Excellence by Quality Scotland and winning the Sword of Honour for Health and Safety
- agreement of our three-year strategy by key partners with support from staff - as ONE GHA.

The year also saw our investment programme – the biggest of its kind in Europe - pass the £1BILLION mark on time, and on budget.

### **ONE GHA**

Our plans to build a new GHA became reality this year. The new GHA – created by tenants, factored homeowners and staff - is 'One GHA' where we're all united in working together – locally and across the city – to deliver consistently excellent services and to realise our vision of 'better homes, better lives and a better Glasgow.'

#### **Three year strategy focuses on 'better lives'**

'Better homes, better lives, a better Glasgow' is at the heart of our strategy for the next three years. The strategy, developed after listening to tenants and stakeholders and launched in April 2011, spells out how bricks and mortar are no longer our only focus at GHA. We'll be working harder than ever to improve neighbourhoods and to provide people with more opportunities for a better quality of life – and we've already started work on making it happen.

### **BETTER HOMES**

#### **Tenants in control**

We are a tenant-led organisation and believe tenant empowerment is the single most important factor in our aim to create 'better lives'. We've put in place a unique governance model which gives tenants real influence over what we do. Our four new Area Committees – made up of tenants and other community representatives – are a good example of how our customers are firmly in the driving seat. The committees have more control over local decisions and each has a budget to spend annually on community priorities.

### **BETTER LIVES**

#### **£1.2billion homes project in final phase**

Our homes modernisation programme – the largest of its kind in Europe – passed the £1 BILLION mark this year. That means we've now made more than 70,000 properties warmer, drier and better in many ways. We're spending £200 million more over the next two years on upgrading the rest of our homes in the final phase of the programme. This will keep the promise made to tenants at the time of stock transfer in 2003.

#### **Hundreds of new homes**

Earlier this year we completed our 500<sup>th</sup> new home. Our new-builds are taking shape across the city with work under way on nearly 400 more. As part of a programme agreed at stock transfer in 2003, there are plans for a further 1500 new homes, subject to Scottish Government funding.

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## **BETTER GLAGOW**

### **Accessible housing**

As part of our new-build programme we're building homes specially-adapted for people with disabilities. The homes are wheelchair-standard with special features including lower level sockets and door handles and a level access shower. So far, we've completed 10, and we have plans for 37 more.

### **Cleaner, greener and safer communities**

To help make our communities better places for our tenants and factored homeowners, we carried out a major reorganisation of the way we deliver cleaning, security and environmental services this year. We know there's a lot of work to do but so far we have:

- Created new Neighbourhood Environmental Teams who are focused on improving every one of our communities
- Set higher standards for cleaning and backcourt maintenance – including using hot water and steam cleaners in closes and power hoses for outside areas
- Introduced mobile night patrols to keep neighbourhoods safer
- Launched an environmental hotline for customers to report problems and a Neighbourhood Charter which spells out our commitments to all our customers.

### **Creating jobs and training places**

In the last year, we helped 460 people get a job - 208 of them as a result of a clause we have in all our contracts which requires contractors to provide jobs and training for local people. The other 252 people were employed as a result of other projects such as the Community Janitors training scheme which we run in partnership with the Glasgow Regeneration Agency. We are continuing to support 38 current Modern Apprentices and are recruiting another 20 this year.

### **A leader in business and customer service**

We were awarded Scotland's most prestigious business award – the 2011 Scottish Award for Business Excellence – by Quality Scotland and were the only organisation to gain the maximum five-star Recognised for Excellence rating. This came after we achieved Customer Service Excellence (CSE) for the third year in a row. CSE is the national standard for excellence in customer service in public sector organisations and is overseen by the Government's Cabinet Office. Our legal team also won the **In-house Public Sector Team of the Year** in the Lawyer Awards 2011.

### **And a leader in health and safety**

We were one of only 38 organisations in the world to be awarded the prestigious Health and Safety Sword of Honour. The Sword of Honour is an international health and safety award handed out by the British Safety Council (BSC), one of the world's leading health and safety organisations. GHA has now also won a five star rating in a Health and Safety audit carried out by the British Safety Council three years in a row.

### **Working together with our partners**

We've been working much more effectively with our partners at Glasgow City Council, the Scottish Government, Strathclyde Police, the health service and Strathclyde Fire and Rescue. Strong partnerships allow us to do more for people and communities. Here's some examples:

- More than 1000 people over 60 now take part in keep fit and arts activities through the Silver Deal Active Programme which we run with Glasgow Life
- Working with Glasgow City Council, we've delivered 58 play parks and are rolling out 50 new allotments.

### **Tenant satisfaction**

More tenants are happy with GHA as a landlord than ever before. Our latest Tenant Satisfaction Survey showed 83 per cent of tenants were satisfied with GHA as a landlord – up from 80 per cent in the last survey. The figures also showed there was an 8 percentage point increase in the number of tenants who were ‘very satisfied’. A total of 81 per cent of tenants are now satisfied both with our homes and neighbourhoods and 74 per cent of all tenants asked were satisfied with the repairs service in general.

### **Giving people more housing choices**

We launched new ways of giving people more housing choices this year.

We joined HomeSwapper, the UK’s biggest online mutual exchange scheme, which helps tenants swap their home in Glasgow or anywhere else in the UK. We’re also running a shared equity pilot to help homeowners in tough economic times. And we agreed a way forward to offer people in Glasgow new options for renting from us. Lowther Terrace based in Glasgow’s west end is our first development of this new approach and consists of 21 flats which will be offered at full market rent.

### **YourPlace shows good progress**

YourPlace – the new name for GHA (Management) Ltd – continued to deliver excellent customer service, including new ways for homeowners to pay their bills, an expanded contents insurance scheme and attracting new customers.

YourPlace also helped homeowners who have had overcladding fitted access £1.2 million worth of energy efficiency grants and improved the way it communicated with customers. More new services are planned for 2011.

### **Training in the Academy**

GHA’s in-house training centre – The Academy – opened in November. The Academy provides a range of training for all GHA staff to help them deliver better customer service to our tenants and factored homeowners. We are also working on plans to run training courses and workshops for tenants and community organisations. The Academy is an accredited centre for courses run by the Chartered Institute of Housing, and was recently accredited to deliver nationally-recognised courses run by the Institute of Leadership Management.

### **Second Stage Transfer completed**

One of our key commitments is to give tenants a real influence over their houses and their communities – including having a say on the future ownership of their homes. Our Second Stage Transfer (SST) programme, which began in March 2009, is now complete and has resulted in 18,950 GHA homes being transferred to 24 community-based housing associations. All the SSTs have taken place after tenants voted in favour of transfer in local ballots.

### **Demolitions this year**

It was another busy year in our demolitions programme, with high-rise blocks in Coll Place in Germiston, Broomloan Court in Ibrox, Norfolk Court in the Gorbals and Pleas Street in Yoker demolished as part of our plans to regenerate communities across the city. Around 95 per cent of the rubble generated by our demolitions can be used for recycling. Tens of thousands of tonnes of debris from demolished multi-storeys has been used to build the recently-opened M74 motorway link.

### **Wingets transformation**

The first tenants celebrated moving back into their refurbished Winget homes in Carntyne this year. The houses had been declared ‘structurally defective’ until we agreed a major programme of works to give them a long-term future. The full package of works to the Wingets homes, which involves structural repairs as well as new kitchens, bathrooms and central heating, should be complete in around four years.

### **Rent Matters**

Our successful campaign – Rent Matters – reminded tenants how rent pays for essential services and of the help and support available. Radio and newspaper ads, as well as outdoor advertising on buses and phone boxes, carried the message to tenants, while our staff spoke to tenants face-to-face about the importance of paying rent. The campaign was so successful our current tenant rent arrears is now at its lowest ever level.

### **Helping tenants cut fuel bills**

Our fuel advisor service helps tenants enjoy cheaper fuel bills and keeps them warmer in winter. Advisors offer advice on how to cut bills, what tariffs and payment methods are available to help ensure tenants are on the best deal available. In its first year, the service helped more than 1500 tenants save at least £200,000. Researchers at Heriot Watt University found that our £1.2bn investment programme has also saved tenants an average of £330 per year on their fuel bills – a saving of 31 per cent.

### **Performance**

We achieved some of the best results ever for our customers over the last year. We made thousands more homes better in every way, helped our tenants reduce rent arrears, improved letting turnaround times and supported people to stay settled in their tenancies for longer. The average length of time it takes to let a home is 18.96 days for the year – our best ever results – and better than our target of 22 days.

We also increased tenancy sustainment to 88.27 per cent, which means our tenants are settled in their homes and are staying in them for longer.

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## FINANCIAL REVIEW

The economic environment remains a challenging one; despite this GHA financial performance is strong and the organisation continues to meet its financial targets. The SST programme continued in 2010-11 financial year. The organisation has been restructured, expanding services to the frontline operation, while achieving cost savings and efficiencies.

### INCOME

GHA's group turnover for 2010-11 (excluding loss on sale of fixed assets and interest received) was £230.8m (£251.2m, 2009-10). The main source of income was net rental income of £188.7m (£197.4m, 2009-10). The remainder of income came primarily from homeowners' payments for improvements made to their homes, £15.2m (£24.4m, 2009-10), factoring services and rental income from commercial properties.

In addition, GHA received Scottish Government grants totalling £35.8m (£67.3m, 2009-10). Sales under Right-to-Buy legislation totalled £6.8m (£6.7m, 2009-10) less £2.0m (£2.5m, 2009-10) payable to GCC and £4.8m (£4.2m, 2009-10) retained by GHA.

### EXPENDITURE

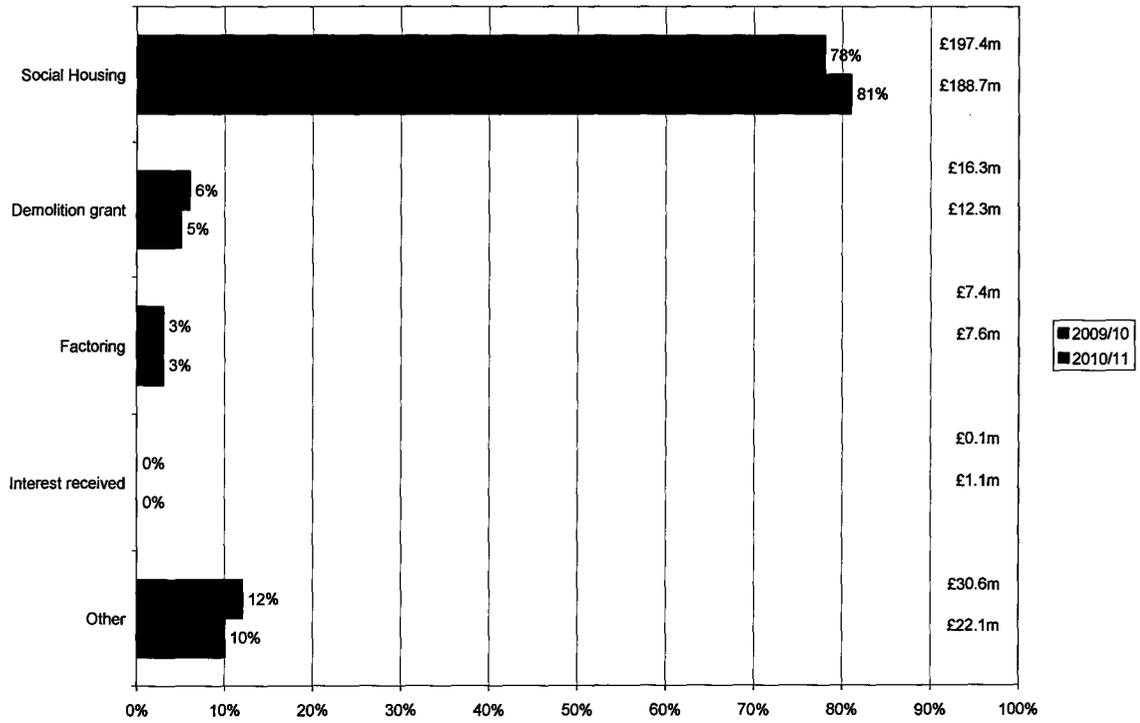
Total Revenue Expenditure was £208.1m (£211.9m, 2009-10) comprising the following main items:

- Letting activity management and maintenance administration costs were £68.1m (£70.7m, 2009-10)
- Included in operating costs are employee costs (excluding capitalised employee costs) totalling £59.0m (£63.5m, 2009-10).
- Repairs to GHA properties totalled £34.2m (£35.1m, 2009-10) and planned maintenance to improve housing totalled £22.7m (£22.1m, 2009-10).

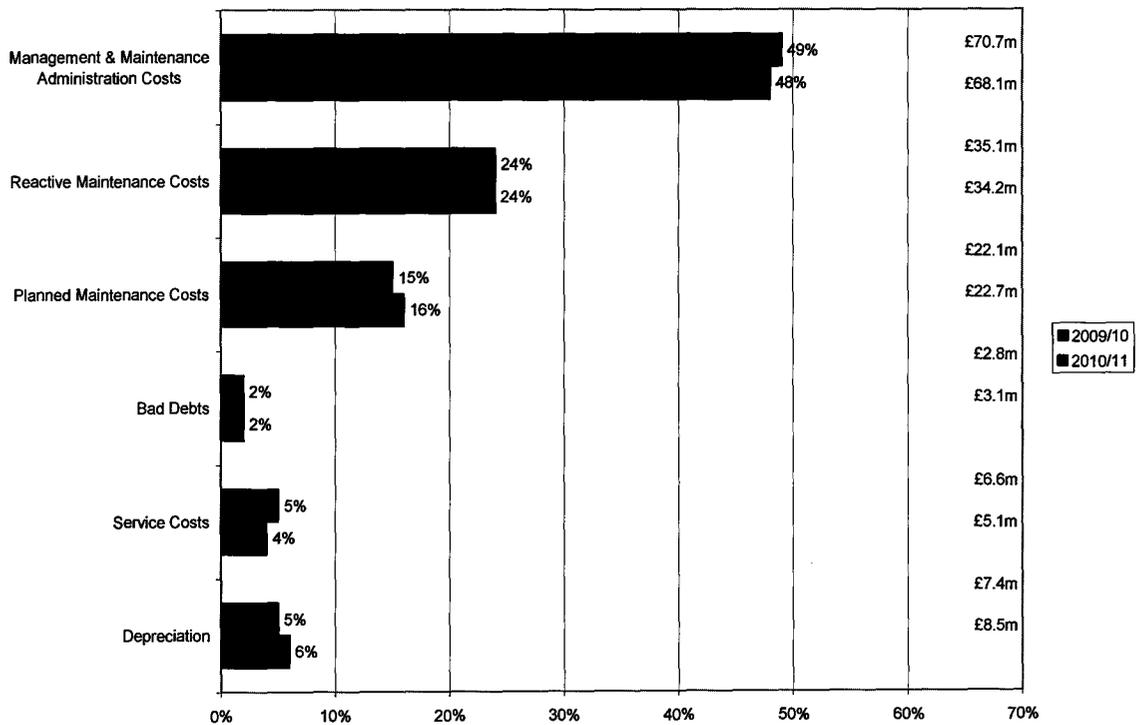
At the end of the year, GHA had rent arrears of £10.5m (£12.0m, 2009-10) and bad debt provisions of £6.5m (£7.3m, 2009-10) mainly from total tenant arrears balances.

GHA disposed of 9,356 properties through Second Stage Transfer to community based housing associations during 2010/11. This resulted in a combined loss on disposal of £49.2m. The loss is attributable to the different valuation methodologies used to value our properties for accounting purposes and SST.

**INCOME**



**EXPENDITURE**



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## **BALANCE SHEET**

Our investment during the year in tenants' homes totalled £100.2m (£146.9m, 2009-10). The value of housing stock is £522.9m (£452.8m, 2009-10).

GHA participates in the Strathclyde Pension Fund with its share of deficit at year end being £5.8m (£56.0m deficit, 2009-10). This movement reflects the results from the FRS 17 actuarial valuation which incorporate the change in future inflation assumptions. At the year end, GHA group had a net asset position of £163.9m (£165.7m, 2009-10).

## **CASH FLOWS**

GHA's group cash flows are shown on page 28. Net cash inflow from operating activities was £26.0m (£44.9m, 2009-10). The reduction in net cash of £20.2m (£7.6m increase, 2009-10) was after grants of £25.4m (£55.2m, 2009-10) and loan receipts of £108.8m (£84.9m, 2009-10). The principal cash outflows were operating costs and investment in assets, particularly housing stock of £137.9m (£162.1m, 2009-10).

## **LIQUIDITY**

GHA's short-term liquidity has reduced in the year to show net current liabilities of £19.9m (£11.2m, 2009-10). Creditors falling due after more than one year, has increased to £377.8m from £254.0m in 2009-10 – main movement being additional bank loans to fund investments in tenants homes.

## **CAPITAL STRUCTURE AND TREASURY POLICY**

GHA's activities are funded on the basis of a Business Plan which is updated annually. The main elements of GHA's long-term funding are a 30-year loan facility with a syndicate of banks and capital grants and loan provided by the Scottish Government.

The syndicated loan facility allows GHA to borrow up to £700m and is to be fully repaid by 2040. In broad terms, our current Business Plan assumes that we will increase our borrowings each year until we reach a maximum of £612m in 2015/16, reflecting the delivery of the remaining significant capital investment programme in the early years of the Plan. The debt is progressively paid off in subsequent years and is projected to be fully paid off by 2036/37.

The Business Plan assumes total capital grants and loan from the Scottish Government of £470m from the date of transfer. These grants and loans were originally assumed to be repayable in 2040. However, if GHA is successful in achieving certain targets in respect of its performance and second stage transfers then the grant repayments are significantly reduced. To date, following the delivery of the SST programme and the achievement of the 2010 performance target, £89m of the repayment has been written off. The Business Plan also includes Scottish Government funding for specific elements of our investment programme in respect of demolition and new build works.

GHA manages its interest rate risk by entering into hedging arrangements, which have the effect of fixing the interest rate on a proportion of the projected debt levels each year. The interest rate on the remainder of the debt will vary in accordance with market interest rates. We regularly review our arrangements with respect to the hedge on our loans to ensure that we achieve adequate protection for our projected debt profile as it evolves. The Board receives updates each quarter which detail the debt, cash and interest received and paid. Changes to banking arrangements and bank signatories are approved by the Board.

The GHA Group Treasury Management Policy sets down the framework for investing and managing of cash, raising loans, interest rate management and the use of financial derivatives by the Group. A key objective of the Policy is to ensure that the Group's loan portfolio represents the optimum balance of risk in interest rate, loan maturity and fixed rate exposure. In turn, it ensures that Group officers have the authority to take the necessary action as and when required in response to changes in the financial markets. The overriding objective of this Policy is to be risk averse, whilst at the same time maximising return on funds invested within laid down agreed parameters.

## **LONGER-TERM BUSINESS PLANNING**

Each year GHA produces a 30-year Business Plan which details and costs long-term plans. This document, which is examined by the Board and by external auditors, demonstrates our longer-term viability and regeneration plans. A copy of the 2011/14 Corporate Strategy is on the GHA website.

The GHA 3 Year Corporate Strategy 2011/14 highlights the following five big aims for the organisation:

1. Deliver excellent services
2. Provide and maintain quality homes for the future
3. Empower communities to extend wellbeing and opportunity
4. Ensure value for money through innovation and joint working
5. Empower people to create a make-it-happen culture

The 3 Year Corporate Strategy and Business Plan are made operational through a detailed Delivery Plan with outcomes cascaded throughout the organisation.

## **KEY OUTPUTS**

The key outputs for 2010-11 were:

- Capital expenditure on our tenant investment programme totalled £100.2m (£146.9m, 2009-10)
- A further £9.4m (£16.5m, 2009-10) of works was carried out on behalf of owners
- A total of 1,021 units (2,408 units, 2009-10) were demolished during the year
- Phase 2 of the new build programme is confirmed and, in the year under review, has delivered 110 of the 411 units. In addition 12 units, out of a total of 42, were delivered in Myreside Street
- A total of 164,300 (153,369 2009-10) repairs were completed. The investment programme and an increased focus on cyclic / planned maintenance have also had a direct impact on responsive repairs and the volumes in this area have reduced.
- Lettable void rates are below our 1.45% target at 1.14% of total stock, a significant improvement on 1.46% from 2009-10
- Sitting tenant arrears at the year end were 3.13% (3.60%, 2009-10) better than our operational target of 3.15%.
- Our Neighbour Relations Team assisted a total of 1,237 people (3,116 people, 2009-10) who were subject to anti-social behaviour and responded to all referrals within agreed target times.

### **Non adjusting post balance sheet events**

In May and June 2011 a further 9 second stage transfers took place in line with the detailed Business Plan. These disposals resulted in a net payment of £10,739k

## **GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS**

GHA's Rules currently allow for the appointment of up to 14 Board members as follows:

- Up to six tenant Board members
- Up to six independent Board members
- Up to two council Board members

The Board can also co-opt up to three persons, including the Chief Executive.

At 31 March 2011 there were 14 members of the GHA Board: six tenant members, six independents and two council Board members. The Board had no co-optees at 31 March 2011.

Each member of the Board holds one fully paid £1 share that is cancelled on cessation of membership. During 2010-11 2 shares were issued and one membership was cancelled. The members of the Board during the year are listed below:

<b>Name</b>	<b>First Joined Board</b>	<b>Re-elected/ re-appointed</b>	<b>Left Board</b>	<b>Committees</b>
Alastair Dempster	3 May 2002	23 September 2010		Appointments & Appraisal (A&A), Audit, Finance, GFL
Sandra Forsythe	17 December 2004	23 September 2010		South, North, Performance
Wilma Masterton	6 September 2006	9 September 2009		South, Performance, Business Transformation & Regeneration (BT&R)
Keith Kintrea	6 September 2006	9 September 2009	23 September 2010	
John Grant	17 September 2008	23 September 2010		West, North, Performance
Ian Wall	27 October 2008	9 September 2009		Audit, BT&R, Finance
Gordon Sloan	23 March 2009	9 September 2009		A&A, Performance, BT&R, Finance, Your Place, GFL
Kate Willis	9 September 2009			Audit, East
Robert McCormick	27 April 2009	9 September 2009		Performance, East, West,, BT&R
Alastair MacNish	17 August 2009	23 September 2010		A&A, Audit, Finance, GFL
Elizabeth Walford	17 August 2009	23 September 2010		Performance, Your Place, GFL
Councillor James Dornan	3 September 2009			Audit, BT&R, Finance
Councillor Philip Braat	3 September 2009			Performance, BT&R, GFL
Mike Blyth	23 September 2010			Audit, Finance, Your Place
Ronnie Jacobs	23 September 2010			Audit, BT&R, Finance

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## **GHA BOARD**

The Board is responsible for the overall strategic direction and objectives of GHA. Key responsibilities are:

- Approval of the Business Plan, budget, and any variations and amendments to them, together with other matters which fall within the strategic role of the Board
- Establishing strategic plans and policies to achieve these objectives
- Approval of and any amendments to the SST programme and approval of Second Stage Transfers
- Approval of the creation or dissolution of a subsidiary
- Defining and ensuring compliance with our values and objectives as a registered social landlord
- Approving each year's financial statements
- Establishing an appropriate framework of delegation and systems of internal control
- Taking key decisions on matters that will, or might, create significant risk including approving any significant contractual arrangements.

During the financial year GHA undertook a fundamental review of governance. This included a comprehensive review of our Board and Committee structure, the process and criteria for appointing Board and Committee members and the policies and procedures under which the Board and Committees operate.

The review was underpinned by a number of key principals:

- Ensuring the Board is able to operate strategically
- Engaging and empowering our tenants and residents
- Developing a structure that facilitates the future development of GHA
- Value for money and cost effectiveness.

As part of the governance review we revised our Committee structure to introduce Area Committees and delegate more from the Board to its Committees where appropriate. The introduction of Area Committees allows us to widen tenant involvement and influence in our governance structure and allow us to devolve key activities to a local level. GHA has an Area Committee in the North, East, South and West made up of tenants, residents, key stakeholders and independent members.

The GHA Board's revised Committee structure delegates responsibility to the following committees:

### **REMUNERATION, APPOINTMENTS, APPRAISALS AND GOVERNANCE COMMITTEE**

Responsible for:

- The process for recruitment, selection and appraisal of Board members
- Ensuring Board Members have necessary skills and experience to fulfil their roles
- Ensuring the Board has the appropriate blend of skills and experience
- Evaluation and review of GHA's governance framework
- The appointment and remuneration of the Chief Executive
- Considering and approving where appropriate, relevant offers of employment and promotion as required by the provisions of Schedule 7 of the Housing (Scotland) Act 2001.

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## **AUDIT COMMITTEE**

Responsible for:

- Reviews GHA's system of internal control, compliance assurance and risk management system
- Provides an overview of the internal and external audit functions
- Scrutinises the financial statements
- Monitors the implementation of internal audit recommendations and external audit reports and management letters
- Reviews the internal audit plan and scope of work
- Reviews the effectiveness of the overall risk strategy.

## **BUSINESS TRANSFORMATION AND REGENERATION COMMITTEE**

Responsible for:

- Strategic oversight of the GHA's approach to community regeneration
- Monitoring the development of the transformational regeneration areas
- Conclusion of the Second Stage Transfer process
- Approval of stock classification decisions
- The new build programme
- Overseeing citywide programmes for capital investment, repairs and asset management.

## **PERFORMANCE COMMITTEE**

Responsible for:

- Monitoring housing management and corporate performance in line with the GHA Board approved performance framework
- Approve and monitor implementation of GHA's strategic housing policies
- Monitor and scrutinise Area Committee activity
- Identify and promote best practice, innovation and ensure continuous improvement
- Oversee citywide community engagement and empowerment
- Overseeing our approach to learning and development and deployment of our Academy facility
- Approval of Schedule 7

## **FINANCE COMMITTEE**

Responsible for:

- Overseeing the long term strategic planning of the Association's finances
- Monitor and review the Association's current and projected performance against Budget
- Ensuring that the Association has an effective framework for financial management
- Overseeing treasury management, procurement and financial risk
- Approval of the Scheme of Financial Delegation
- Overseeing the financial performance of GHA's trading subsidiaries

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## **AREA COMMITTEES**

Responsible for:

- Providing key local oversight in relation to key GHA strategic activities
- Assess service delivery in their Area and make recommendations on potential service improvements
- Make recommendations to the GHA Board on its annual investment programme
- Development of Area Plans
- Approval of allocations from the Area Fund
- Monitoring performance in their Area including investment, repairs and new build

## **EMPLOYEE POLICIES**

GHA recognises that delivering excellent service is dependent on all of our employees. Accordingly, GHA is committed to the promotion of lifelong learning. During the year, we provided financial support to fund over 30 employees through higher education. GHA introduced externally accredited concierge and manager development programmes. GHA, GHA (Management) Ltd and 16 LHOs have Investors in People accreditation. GHA has organised wellbeing days for staff, promoting a work/life balance, as well as a programme of medical screening which has proved popular with staff.

GHA recognises two trade unions, Unison and GMB, and engages in collective bargaining with these organisations.

GHA remains committed to the principle of equal opportunity and to ensuring that no applicant or employee receives less favourable treatment on the grounds of gender, race, age, colour, nationality, religion, HIV status, disability or sexuality.

GHA has a policy to support any member of staff who becomes disabled whilst employed by GHA through modification of duties or retraining and support.

## **TENANT PARTICIPATION**

GHA sees tenant participation as a key strength of our organisation. Tenants make up the largest joint single grouping on our Board. Throughout the LHO network, there are approximately 600 tenant LHO committee members who make key decisions on delivery of services and investment in their area. We also carry out regular tenant consultation through surveys, questionnaires and publications. GHA consults with LHOs, registered tenant organisations throughout the city and other key stakeholders.

## **HEALTH AND SAFETY**

The health and safety of tenants and staff is a key concern for the Board which receives regular reports on accidents at work and health and safety incidents. We have a health and safety team to give advice on policy and to carry out inspections and investigations when required. We also have access to specialist advice if this is necessary. In addition to our Scottish Health at Work (SHAW) accreditation we received a 4 star rating from the British Safety Council following their audit of our procedures and operations.

## **SUSTAINABILITY**

We have published a sustainability policy for GHA and are implementing new initiatives on recycling, energy efficiency and reclamation of materials from demolished properties. All recent multi-storey flat demolitions have carried out all recycling of rubble and waste on site.

## **POLITICAL AND CHARITABLE DONATIONS**

There were no political or charitable donations made by GHA within the year.

## **CREDITOR PAYMENT POLICY**

GHA agrees payment terms with its suppliers when it enters into contracts. The average creditor payment period for the year was within 30 days.

## **DISCLOSURE OF INFORMATION TO AUDITORS**

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that he/she ought to have taken as a Board member to make himself/herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

## **INTERNAL FINANCIAL CONTROL**

The Board of GHA is responsible for ensuring that an effective system of internal financial control is maintained within the organisation. This system of internal control can provide reasonable but not absolute assurance against material misstatement or loss.

The mechanisms by which the Chief Executive obtains assurance that the system of internal control is working effectively are the same as those that the Board uses to assure itself, although there are separate and additional responsibilities of the Chief Executive in respect of the organisational management and operational systems and procedures.

## **FRAMEWORK OF INTERNAL CONTROL**

The internal control framework is supported by organisational control measures including financial and business planning, risk management, performance monitoring and reporting, project management and communication systems and by formal governance measures including a structure of corporate policies and authorities and responsibilities delegated from the Board to the Executive Management team.

The key methods by which the Board establishes the framework for providing effective internal financial control are as follows:

## **MANAGEMENT STRUCTURE**

The organisation for which the Board has overall responsibility is governed by a set of Standing Orders, which reserves specific powers to the Board and delegates functions and powers to its Committees. The Board has delegated the responsibility to the Chief Executive for maintaining sound systems of internal control that supports the achievement of the organisation's objectives.

## **AUDIT COMMITTEE**

As at 31 March 2011 the Audit Committee consisted of seven Board members. Meetings are attended by the Chief Executive, the Executive Director of Finance and Business Services, the Company Secretary, Internal Audit and where appropriate, the External Auditors. The Board has delegated powers to the Audit Committee to approve the annual internal and external audit plans, reports and follow up reviews. In addition the Audit Committee reviews the risk management arrangements including the corporate risk register. The Audit Committee provides annual reports to the Board covering these issues.

## **FINANCE COMMITTEE**

As at 31 March 2011 the Finance Committee consisted of eight Board Members. The specific responsibilities of the Committee are to set out and oversee the annual budget process; set budget and business plan parameters; provide assurance to the Board that budget, business plan, and cash flows are aligned, and, to review GHA's Business Plan and provide assurance to the Board that the financial information therein is sound.

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## **INTERNAL AUDIT**

During the year the Audit Committee determined that the Internal Audit function required to deliver a comprehensive audit plan of c.900 days. The majority of the 2010/11 resource for Internal Audit was provided under a co-sourced contract with Deloitte LLP. The systems of internal control reviewed by Internal Audit in 2010-11 included core financial and non-financial systems. Internal Audit has carried out its programme of work, as approved by the Audit Committee. The reports prepared to date noted a number of weaknesses in the system of internal control, all of which are being resolved. In addition action has been taken to improve the control framework, including monitoring the closure of internal audit recommendations and follow-up internal audit reviews.

## **SYSTEMS OF INTERNAL CONTROL**

The key elements of the system of internal control are as follows:

- Regular meetings of the Board which has a schedule of matters which are specifically reserved for its approval and which are the subject of regular standard reports as required.
- Arrangements under terms of reference for an Audit Committee of the Board to meet regularly and receive reports from management and internal and external auditors on the system of internal control, and to provide reasonable assurance that control procedures are in place and are being followed.
- Arrangements under terms of reference for a Finance Committee of the Board to meet regularly and receive reports from Finance Management on the soundness of financial management and to provide reasonable assurance prudent practices are in place and being followed.
- An organisational structure to support business processes and with clear lines of responsibility.
- An Internal Audit function with an annual internal audit plan and producing an annual Internal Audit Report.
- Adoption of a risk-based approach to internal control through evaluating the likelihood and significance of identified corporate risks, vesting responsibility for risk management and internal control with designated owners and with an ongoing process of monitoring and reporting progress against the company's key risks established through the corporate risk management function.
- A Business Plan and Budget supporting strategic and operational plans, financial targets, regularly revised forecasts, a comparison of actual with budget and with forecast on a quarterly basis, operating cash flow and variance statements, and key performance indicators, all of which are reviewed by the Board.
- Measurement of financial and other performance against the Delivery Plan objectives and key performance indicators and targets.
- Monitoring by the Efficiencies Group of Value for Money objectives stated in the Chief Executive's Efficiency Statement. The Efficiencies Group is chaired by the Director of Finance & Business Services.

## **MANAGEMENT OF BUSINESS RISK**

The Board is responsible for ensuring that business risk is managed jointly, with the Executive Management team, for identifying the major business risks faced by the organisation and for determining the appropriate course of action to manage those risks. The financial implications of major business risks are controlled by means of delegated authorities, which reserve significant matters to the Board for decision. Segregation of duties, levels of project approval and physical

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controls over access to assets and information are the responsibility of the Executive Management team.

## **CORPORATE RISK**

The Board monitors key risks annually and risk is considered on an ongoing basis via Board reporting and through the review of controls by the Audit Committee. GHA has a risk management process which is used for the identification and management of risks.

## **MANAGEMENT INFORMATION SYSTEMS**

Management Information Systems have been developed to provide information on the key areas outlined in the Business Plan and Delivery Plan. Business performance is reported monthly against key financial and non-financial targets. Management accounts comparing actual results against budget are presented to the Board monthly and to the Finance Committee quarterly. The organisation continues to broaden and develop the depth and detail of data required to assist management at all levels.

## **INVESTMENT APPRAISAL**

Capital expenditure is specified in the Business Plan and regulated by a budgetary process and Scheme of Financial Delegation. For expenditure beyond specified levels or out with budget and plans, approval is required by Committee or the Board as appropriate.

## **QUALITY AND INTEGRITY OF PERSONNEL**

The integrity and competence of personnel is ensured and maintained through formal recruitment processes and subsequent training and development initiatives. High quality personnel are an essential part of the control environment and the conduct and ethical standards expected are embodied within the organisation's stated aims and objectives.

On behalf of the Board



**GORDON SLOAN, CHAIR**

26 August 2011

## **STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS**

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The group and parent financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent association and of the group's and the parent association's surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and the parent association and enable them to ensure that its financial statements comply with the Industrial & Provident Societies Acts 1965 to 2002 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditors' report to the members of The Glasgow Housing Association Limited**

We have audited the financial statements of The Glasgow Housing Association Limited for the year ended 31 March 2011 which comprise the Group and Association Income and Expenditure Account, the Group and Association Balance Sheets, the Group Cashflow Statement, the Group and Association Statement of Total Recognised Surpluses and Deficits and the 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).

### **Respective responsibilities of the Board and auditors**

As explained more fully in the Statement of Board's Responsibilities set out on page 21, the Board is responsible for the preparation of financial statements which 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 (ISAs) (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the association's members as a body in accordance with Schedule 7 paragraph 13 of the Housing (Scotland) Act 2001, Section 9 (1) of the Friendly and Industrial and Provident Societies Act 1968 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of 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 group's and association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2011 and the Group's and Association's income and expenditure and Group's cash flows for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



Lindsey Paterson (Senior Statutory Auditor)  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Glasgow  
26<sup>th</sup> August 2011

**GROUP INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	Total 2011 £ 000	Total 2010 £ 000 restated
Turnover	3	230,791	251,232
Operating costs before past pension service gain / (loss)	3	(208,100)	(211,854)
Past pension service gain / (loss)	24	21,938	(1,518)
Total operating costs		(186,162)	(213,372)
Operating surplus		44,629	37,860
Loss on sale of fixed assets – housing properties	9	(46,100)	(8,803)
Interest receivable and similar income	10	1,096	84
Interest payable and similar charges	11	(10,823)	(8,596)
(Deficit) / surplus on ordinary activities before taxation		(11,198)	20,545
Taxation on (deficit) / surplus for the year	12	19	(21)
(Deficit) / surplus for the year	22	(11,179)	20,524

**GROUP STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS  
FOR THE YEAR ENDED 31 MARCH 2011**

		2011 £000	2010 £000 restated
(Deficit) / surplus for the year	22	(11,179)	20,524
Unrealised (loss) / gain on revaluation of fixed assets	22	(16,221)	29,558
Actuarial gain / (loss) on pension assets and liabilities	24	25,565	(55,365)
Total recognised surpluses and deficits for the year		(1,835)	(5,283)

**NOTE OF HISTORICAL COST INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2011**

	2011 £000	2010 £000 restated
Reported (deficit) / surplus for the year	(11,179)	20,524

The notes on pages 29 to 55 form part of these financial statements.

**ASSOCIATION INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	Total 2011 £ 000	Total 2010 £ 000 restated
Turnover	3	223,596	244,527
Operating costs before past pension service gain / (loss)	3	(200,987)	(205,251)
Past pension service gain / (loss)	24	21,938	(1,518)
Total operating costs		(179,049)	(206,769)
Operating surplus		44,547	37,758
Loss on sale of fixed assets – housing properties	9	(46,100)	(8,803)
Interest receivable and similar income	10	1,093	80
Interest payable and similar charges	11	(10,676)	(8,567)
(Deficit) / surplus on ordinary activities before taxation		(11,136)	20,468
Taxation on (deficit) / surplus for the year	12	-	-
(Deficit) / surplus for the year	23	(11,136)	20,468

**ASSOCIATION STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS  
FOR THE YEAR ENDED 31 MARCH 2011**

		2011 £ 000	2010 £ 000 restated
(Deficit) / surplus for the year	23	(11,136)	20,468
Unrealised (loss) / gain on revaluation of fixed assets	23	(16,221)	29,558
Actuarial gain / (loss) on pension assets and liabilities	24	25,565	(55,365)
Total of recognised surpluses and deficits for the year		(1,792)	(5,339)

**NOTE OF HISTORICAL COST INCOME AND EXPENDITURE FOR THE  
YEAR ENDED  
31 MARCH 2011**

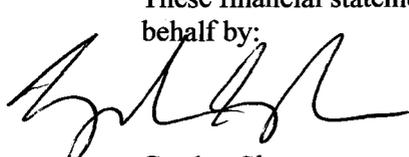
	2011 £000	2010 £000 restated
Reported (deficit) / surplus for the year	(11,136)	20,468

The notes on pages 29 to 55 form part of these financial statements.

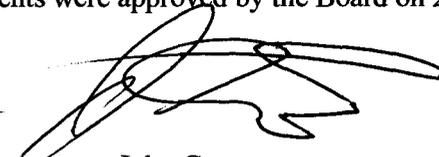
**GROUP BALANCE SHEET AT 31 MARCH  
2011**

	<i>Notes</i>	<b>2011</b> <b>£000</b>	<b>2010</b> <b>£000</b>
<b>Tangible fixed assets</b>			
Housing properties	15	522,912	452,769
Other tangible fixed assets	16	26,418	29,810
		<u>549,330</u>	<u>482,579</u>
Debtors due after more than one year	17	393,277	514,502
<b>Current assets</b>			
Investment Property		2,250	-
Debtors due within one year	17	38,945	46,038
Cash at bank and in hand		7,512	28,330
		<u>48,707</u>	<u>74,368</u>
<b>Creditors: amounts falling due within one year</b>	18	(68,612)	(85,605)
		<u>(19,905)</u>	<u>(11,237)</u>
<b>Net current liabilities</b>		<u>(19,905)</u>	<u>(11,237)</u>
<b>Total assets less current liabilities</b>		922,702	985,844
<b>Creditors: amounts falling due after more than one year</b>	19	(377,750)	(254,000)
		<u>544,952</u>	<u>731,844</u>
<b>Provisions for liabilities and charges</b>	20	(374,206)	(509,080)
Government grant		(1,056)	(1,080)
<b>Net assets excluding pension liability</b>		169,690	221,684
Pension liability	24	(5,800)	(55,959)
<b>Net assets including pension liability</b>		<u>163,890</u>	<u>165,725</u>
<b>Capital and reserves</b>			
Share capital	21	-	-
Revenue reserve excluding pension reserve	22	126,302	162,075
Pension reserve	22	(5,800)	(55,959)
Revenue reserve including pension reserve	22	120,502	106,116
Revaluation reserves	22	43,388	59,609
<b>Consolidated funds</b>		<u>163,890</u>	<u>165,725</u>

These financial statements were approved by the Board on 26 August 2011 and were signed on its behalf by:



Gordon Sloan  
Chair



John Grant  
Board Member



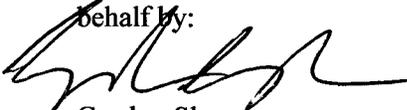
Mark Logan  
Secretary

The notes on pages 29 to 55 form part of these financial statements.

**ASSOCIATION BALANCE SHEET AT 31  
MARCH 2011**

	<i>Notes</i>	<b>2011 £000</b>	<b>2010 £000</b>
<b>Tangible fixed assets</b>			
Housing properties	15	522,912	452,769
Other tangible fixed assets	16	<u>26,418</u>	<u>29,810</u>
		<u>549,330</u>	<u>482,579</u>
Debtors due after more than one year	17	393,277	514,502
<b>Current assets</b>			
Investment Property		2,250	-
Debtors due within one year	17	37,651	44,719
Cash at bank and in hand		<u>6,855</u>	<u>27,323</u>
		<u>46,756</u>	<u>72,042</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(67,146)</u>	<u>(83,825)</u>
<b>Net current liabilities</b>		<u>(20,390)</u>	<u>(11,783)</u>
<b>Total assets less current liabilities</b>		922,217	985,298
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(377,768)</u>	<u>(254,000)</u>
		544,449	731,298
<b>Provisions for liabilities and charges</b>	20	(374,206)	(509,080)
Government grant		<u>(1,056)</u>	<u>(1,080)</u>
<b>Net assets excluding pension liability</b>		169,187	221,138
Pension liability	24	(5,800)	(55,959)
<b>Net assets including pension liability</b>		<u>163,387</u>	<u>165,179</u>
<b>Capital and reserves</b>			
Share capital	21	-	-
Revenue reserve excluding pension reserve	23	125,799	161,529
Pension reserve	23	(5,800)	(55,959)
Revenue reserve including pension reserve	23	119,999	105,570
Revaluation reserve	23	43,388	59,609
<b>Association's funds</b>		<u>163,387</u>	<u>165,179</u>

These financial statements were approved by the Board on 26 August 2011 and were signed on its behalf by:



  
 Gordon Sloan                      John Grant                      Mark Logan  
 Chair                                      Board Member                      Secretary

The notes on pages 29 to 55 form part of these financial statements.

**GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011**

	<i>Notes</i>	<b>2011 £000</b>	<b>2010 £000</b>
<b>Net cash inflow from operating activities</b>	27	25,972	44,859
<b>Returns on investment and servicing of finance</b>			
Right to buy and Second stage transfer proceeds	9	30,144	9,350
Payment to Glasgow City Council for their share of right to buy proceeds and payments to Second Stage transfer Organisations	9	(56,704)	(13,055)
Interest received	10	46	84
Interest paid	11	(10,823)	(7,999)
Net cash outflow from returns on investment and servicing of finance		(37,337)	(11,620)
<b>Capital expenditure and financial investment</b>			
Improvement of properties	15	(137,867)	(162,146)
Purchase of other fixed assets	16	(2,933)	(3,579)
Purchase of current assets		(2,250)	-
Grants received	25	25,431	55,216
Net cash outflow from capital expenditure and financial investment		(117,619)	(110,509)
<b>Financing</b>			
Loan drawn down	19	96,250	72,350
Scottish Government Loan received	19	12,500	12,500
Net cash inflow from financing		108,750	84,850
(Reduction) / increase in net cash	27	(20,234)	7,580

The notes on pages 29 to 55 form part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

### **1. Legal status**

The Glasgow Housing Association Limited (“GHA” or “the Association”) is registered under the Industrial and Provident Societies Act 1965 and is a housing association registered with Communities Scotland under the Housing (Scotland) Act 2001. The Association and its subsidiaries are referred to as “the Group”.

### **2. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### **Basis of accounting**

The financial statements of the Group and the Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice, Accounting by Registered Social Landlords Update 2008, issued by the National Housing Federation.

Whilst the Group and Association Balance Sheets show net current liabilities, the Group has in place a loan facility as explained in note 19 which allows the Group and Association to borrow sufficient funds to meet its current liabilities as they fall due. Accordingly the financial statements have been prepared on a going concern basis.

On 7 March 2003 the Association acquired, as part of a large scale voluntary transfer, the housing stock and a number of other related assets of Glasgow City Council. The acquisition was structured such that the Association paid a notional consideration of £25 million for the assets (this consideration was not based on a valuation of the assets being acquired) and received grant funding from the Scottish Executive of £368 million, payable in instalments over the next 10 years. The net effect of the transfer was therefore the acquisition of the assets, at their current value, and a remaining £343 million of grant income.

The excess of the purchase price over the fair value of the net assets acquired was £7 million. Under the recommendations of the SORP for business combinations and the requirements of FRS 10 Goodwill and intangible assets, this amount would have been classified as a fixed asset on the balance sheet and amortised over its estimated useful economic life. The Board, however, did not believe that this treatment presented a true and fair view of the nature of the large scale voluntary transfer as a whole, since they believed that the amount paid to the Council should be considered in substance as an adjustment to the grant receivable of £368 million. Consequently, the assets were included in the financial statements at their fair value and the grant receivable from the Scottish Executive was reduced to £361 million.

#### **Basis of consolidation**

The Group financial statements consolidate those of the Association and its subsidiary undertakings drawn up to 31 March 2011. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 2 - Accounting for subsidiary undertakings.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

### **Turnover**

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, revenue grants and other income. In respect of the group income and expenditure account, turnover also includes factoring income.

### **Grant income**

Grant income received is matched with the expenditure to which it relates. Where grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is deducted from the cost of housing properties on the face of the balance sheet. Financial reporting standards require tangible fixed assets to be stated at purchase price, or valuation, less any provision for depreciation or diminution in value. However, this requirement conflicts with the generally accepted accounting principles for Registered Social Landlords (RSLs) set out in the Statement of Recommended Practice: Accounting by Registered Social Landlords (SORP 2008). The purpose of these capital grants is to subsidise the cost of social housing, and the income from properties is a function of net cost. Accordingly the Board considers it necessary to adopt the accounting treatment set out in the SORP to give a true and fair view.

### **Bad and doubtful debts**

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable.

### **Supported housing**

Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation, except for staffing and running costs for which the level of expenditure is directly attributable.

### **Deposits and liquid resources**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

### **Pensions**

GHA participates in the Strathclyde Pension Fund ("the Fund"). The Fund is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. All existing and new employees have the option of joining the Fund. The Fund is a defined benefit one, providing benefits based on final pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of the Fund are held separately from those of the Association.

The Association accounts for its participation in the Fund in accordance with 'FRS 17 Retirement benefits'. The 'FRS 17 Retirement benefits' requires disclosures presented for both the current and comparative period. The 'FRS 17 Retirement benefits' also requires that quoted securities are valued at their current bid-price rather than their mid-market value.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (continued)

### **Pensions accounting policy (continued)**

The Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Association's share of the Fund surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the Fund surplus / deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

### **Valuation of housing stock**

Housing properties in the course of construction are stated at cost and are not depreciated. Those properties are transferred to completed properties when they are ready for letting. Housing properties are valued on an Existing Use Value for Social Housing (EUV-SH) basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised repairs. Expenditure on schemes that are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Housing stock has been split into two streams of property for valuation purposes, namely housing retained for letting and demolition programme properties. This separation into categories is on the basis of the Association's 30 year Business Plan which identifies the core stock which will be the subject of the Association's investment expenditure going forward and the stock which forms part of the demolition programme until 2016, and consequently has limited investment expenditure attached to it.

### **Improvements to housing properties**

The Association capitalises repairs and improvement expenditure on housing properties that results in an enhancement of the economic benefits of the asset.

### **Donated assets**

All donated assets are separately disclosed. Properties donated from Glasgow City Council are valued at EUV-SH basis. The difference between the EUV-SH value and the transfer price is treated as a government grant. Government grants are written-off against the value of the asset over the estimated useful life of the asset being 50 years.

### **Commercial properties**

Commercial properties are stated at existing use value and are subject to revaluation at least every five years.

### **Investment properties**

Investment properties are held at current market valuation and are not subject to depreciation.

### **Depreciation**

Depreciation is charged on all housing properties on a straight-line basis to write down the value of freehold properties, plus capital additions net of grants over their expected useful economic lives. The average life of GHA housing stock is estimated to be 50 years. For other tangible fixed assets, depreciation is charged on a straight-line basis over the expected useful lives of fixed assets to write off the cost, or valuation, less estimated residual values at the following annual rates. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

Commercial properties	2%
Offices	2%
Furniture, fittings and office equipment	20%
Computer hardware and software	33-33%

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**Capitalisation of development overheads**

Staff costs that are directly attributable to bringing housing properties into working condition for their intended use are capitalised.

**Provisions**

The Association only provides for contractual liabilities that exist at the balance sheet date.

**Taxation**

As a charity, GHA is exempt from corporation tax on its charitable activities by virtue of Section 505(1) Income & Corporation Taxes Act 1988 and from capital gains tax by virtue of Section 145 Capital Gains Tax Act 1979. A charge for taxation is made in GHA's subsidiary companies, based on their profit for the year. In accordance with FRS 19 Deferred Tax, full provision is made for all material timing differences.

**Value Added Tax**

The Association is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on refurbishment works expenditure included in the development works agreement with Glasgow City Council is substantially recoverable. Expenditure on these works is shown net of VAT.

**Development Agreement**

The Association has entered into agreements with Glasgow City Council whereby the undertaking of catch up repairs and improvement works remained with the City Council, with that obligation sub-contracted to GHA. This has been shown on the Association's Balance Sheet as a debtor offset by a provision of an equal amount. As work progresses, both amounts will be reduced by the appropriate amount.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**3. Particulars of turnover, operating costs and operating surplus**

**Group**

	Turnover	2011 Operating Costs	Operating surplus/ (deficit)	2010 Operating surplus/ (deficit)
	£ 000	£ 000	£ 000	£ 000
Social lettings (note 4)	188,671	141,663	47,008	52,680
Other activities (note 5)	42,120	66,437	(24,317)	(13,302)
Past pension service gain/(loss)	=	<u>(21,938)</u>	<u>21,938</u>	<u>(1,518)</u>
Total after past pension service gain / (loss)	<u>230,791</u>	<u>186,162</u>	<u>44,629</u>	<u>37,860</u>

**Association**

	Turnover	2011 Operating Costs	Operating surplus/ (deficit)	2010 Operating surplus/ (deficit)
	£ 000	£ 000	£ 000	£ 000
Social lettings (note 4)	188,671	141,625	47,046	52,680
Other activities (note 5)	34,925	59,362	(24,437)	(13,404)
Past pension service gain/(loss)	=	<u>(21,938)</u>	<u>21,938</u>	<u>(1,518)</u>
Total after past pension service gain/(loss)	<u>223,596</u>	<u>179,049</u>	<u>44,547</u>	<u>37,758</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

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

**Group**

	<b>General Needs £ 000</b>	<b>Supported Housing £ 000</b>	<b>2011 Total £ 000</b>	<b>2010 Total £ 000 restated</b>
Rent receivable net of service charges	183,549	3,032	186,581	195,732
Service charges	4,214	10	4,224	4,566
<b>Gross income from rents and service charges</b>	<b>187,763</b>	<b>3,042</b>	<b>190,805</b>	<b>200,298</b>
Less rent losses from voids	(2,100)	(34)	(2,134)	(2,861)
<b>Net income from rents and service charges</b>	<b>185,663</b>	<b>3,008</b>	<b>188,671</b>	<b>197,437</b>
<b>Total turnover from social letting activities</b>	<b>185,663</b>	<b>3,008</b>	<b>188,671</b>	<b>197,437</b>
Management and maintenance administration costs	66,450	1,653	68,103	70,730
Service costs	4,988	82	5,070	6,576
Planned and cyclical maintenance including major repairs costs	22,323	369	22,692	22,146
Reactive maintenance costs	33,718	483	34,201	35,101
Bad debts – rents and service charges	3,059	5	3,064	2,795
Depreciation of social housing	8,394	139	8,533	7,409
<b>Operating costs from social letting activities</b>	<b>138,932</b>	<b>2,731</b>	<b>141,663</b>	<b>144,757</b>
<b>Operating surplus from social lettings</b>	<b><u>46,731</u></b>	<b><u>277</u></b>	<b><u>47,008</u></b>	<b><u>52,680</u></b>

The Group and Association disclosure of management and maintenance administration costs has been restated to better reflect the allocation of costs to social letting, repairs and maintenance and other activities in Notes 4 and 5. This is in line with the definition of other activities within the SORP and guidance issued by the Scottish Housing Regulator. Comparative figures have been restated on the same basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**Association**

	<b>General Needs £ 000</b>	<b>Supported Housing £ 000</b>	<b>2011 Total £ 000</b>	<b>2010 Total £ 000</b> restated
Rent receivable net of service charges	183,549	3,032	186,581	195,732
Service charges	4,214	10	4,224	4,566
<b>Gross income from rents and service charges</b>	<b>187,763</b>	<b>3,042</b>	<b>190,805</b>	<b>200,298</b>
Less rent losses from voids	(2,100)	(34)	(2,134)	(2,861)
<b>Net income from rents and service charges</b>	<b>185,663</b>	<b>3,008</b>	<b>188,671</b>	<b>197,437</b>
<b>Total turnover from social letting activities</b>	<b>185,663</b>	<b>3,008</b>	<b>188,671</b>	<b>197,437</b>
Management and maintenance administration costs	66,687	1,657	68,344	70,730
Service costs	4,988	82	5,070	6,576
Planned and cyclical maintenance including major repairs costs	22,323	369	22,692	22,146
Reactive maintenance costs	33,443	479	33,922	35,101
Bad debts – rents and service charges	3,058	5	3,063	2,795
Depreciation of social housing	8,395	139	8,534	7,409
<b>Operating costs from social letting activities</b>	<b>138,894</b>	<b>2,731</b>	<b>141,625</b>	<b>144,757</b>
<b>Operating surplus from social lettings</b>	<b><u>46,769</u></b>	<b><u>277</u></b>	<b><u>47,046</u></b>	<b><u>52,680</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

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

Group	Grants From		Supporting		Total	2011	2010
	Scottish Ministers	Other Revenue	People Income	Total Turnover	Operating Costs	Operating Surplus / (Deficit)	Operating Surplus / (Deficit)
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Wider role activities to support the community	-	-	-	-	3,216	(3,216)	(3,782)
Factoring	-	7,644	-	7,644	7,057	587	906
Commercial Property	-	2,859	-	2,859	258	2,601	2,273
Support activities	-	-	1,861	1,861	2,171	(310)	(444)
Owners' improvement activities	-	15,227	-	15,227	11,611	3,616	5,177
Demolition activities	12,330	-	-	12,330	14,475	(2,145)	51
Other income	-	2,199	-	2,199	-	2,199	1,376
Depreciation – Non Social Housing Organisation	-	-	-	-	3,813	(3,813)	(3,593)
Restructuring	-	-	-	-	16,648	(16,648)	(8,432)
Development & Construction of Property Activities	-	-	-	-	4,166	(4,166)	(4,912)
Community Ownership Programme	-	-	-	-	3,022	(3,022)	(1,922)
<b>Total from other activities</b>	<u>12,330</u>	<u>27,929</u>	<u>1,861</u>	<u>42,120</u>	<u>66,437</u>	<u>(24,317)</u>	<u>(13,302)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

Association	Grants From		Supporting People Income	Total Turnover	Total Operating Costs	2011	2010
	Scottish Ministers	Other Revenue				Operating	Operating
	£000	£ 000	£ 000	£ 000	£ 000	Surplus / (Deficit) £ 000	Surplus / (Deficit) £ 000 restated
Wider role activities to support the community	-	-	-	-	3,216	(3,216)	(3,782)
Other income - Gift Aid	-	785	-	785	(18)	803	804
Commercial Property	-	2,859	-	2,859	258	2,601	2,273
Support activities	-	-	1,861	1,861	2,171	(310)	(444)
Owners' improvement activities	-	15,227	-	15,227	11,611	3,616	5,177
Demolition activities	12,330	-	-	12,330	14,475	(2,145)	51
Other income	-	1,863	-	1,863	-	1,863	1,376
Depreciation – Non Social Housing Organisation	-	-	-	-	3,813	(3,813)	(3,540)
Restructuring	-	-	-	-	16,648	(16,648)	(8,485)
Development & Construction of Property Activities	-	-	-	-	4,166	(4,166)	(4,912)
Community Ownership Programme	-	-	-	-	3,022	(3,022)	(1,922)
<b>Total from other activities</b>	<b>12,330</b>	<b>20,734</b>	<b>1,861</b>	<b>34,925</b>	<b>59,362</b>	<b>(24,437)</b>	<b>(13,404)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**6. Board members' emoluments**

Board members received £2,458 (2010: £1,143) by way of reimbursement of expenses.

**7. Executive directors' emoluments**

	<b>2011</b>	<b>2010</b>
	<b>£ 000</b>	<b>£ 000</b>
Aggregate emoluments payable to directors (including pension contributions and benefits in kind)	1,399	1,372*
Emoluments payable to the highest paid director (excluding pension contributions)	189	274*

During the periods the directors' emoluments (excluding pension contributions) fell within the following band distributions:

More than £20,000 but not more than £30,000	-	1
More than £40,000 but not more than £50,000	-	1
More than £50,000 but not more than £60,000	-	1
More than £60,000 but not more than £70,000	-	1
More than £80,000 but not more than £90,000	1	1
More than £110,000 but not more than £120,000	3	1
More than £120,000 but not more than £130,000	-	1
More than £130,000 but not more than £140,000	3	2
More than £160,000 but not more than £170,000	-	1
More than £170,000 but not more than £180,000	1	-
More than £180,000 but not more than £190,000	1	-
More than £270,000 but not more than £280,000	-	1*

\* Contractual rights for compensation for loss of office restated for prior year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

The directors are defined for this purpose as the Chief Executive and any person reporting directly to the Chief Executive earning at the rate of over £60,000 per annum. Emoluments include relocation expenses where appropriate.

The directors are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff.

The above analysis reflects changes made to align the Senior Management Team to the requirements of the organisational restructuring. The number of Directors in each banding includes both the current and previous post holders which results in the analysis not being an actual representation of the Directors in post at the end of the Financial Year. The current post holders are detailed later in the financial statements. All payments to current and previous post holders are also included, which is affecting the level of overall emoluments. Total payments for the compensation for loss of office in the current year equals £143k (2010: £256k).

**8. Employees**

In the year to 31 March 2011, the full time equivalent number of employees of the Association, including executive directors, was 1,981 (2010: 2,173). All staff are employed by the Association with their costs being recharged to the subsidiary companies where appropriate.

	2011 £ 000	2010 £ 000
Staff costs (for the above persons)		
Wages and salaries	53,169	56,583
Social security costs	4,215	4,273
Employer's pension costs	<u>6,445</u>	<u>6,440</u>
	63,829	67,296
Staff costs capitalised	<u>(4,802)</u>	<u>(3,831)</u>
	<u>59,027</u>	<u>63,465</u>

**9. (Deficit)/Surplus on sale of fixed assets – housing properties**

This represents net income from the sale of properties under tenants' Right-to-Buy (RTB) entitlement and the second stage transfers (SST) to other Registered Social Landlords. There were 16 SST transfers in 2010/11 reflected in the proceeds / disposal values below.

Group and Association	2011 £ 000	2010 £ 000
Right-to-Buy		
Proceeds from disposal of properties	6,765	6,686
Value of properties disposed	(1,634)	(1,208)
Due to Glasgow City Council	<u>(2,036)</u>	<u>(2,522)</u>
	3,095	2,956
Second stage transfers		
Proceeds from disposal of properties	23,379	2,664
Value of properties disposed	(18,392)	(6,921)
Payments made to SST organisations	(53,855)	(2,902)
Payments made to SST organisations re prior year transfers	<u>(327)</u>	<u>(4,600)</u>
	(49,195)	(11,759)
Deficit on sale of fixed assets	<u>(46,100)</u>	<u>(8,803)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**10. Interest receivable and similar income**

	2011 £000 Group	2010 £000 Group	2011 £000 Association	2010 £000 Association
Bank interest receivable on deposits in the year	46	84	43	80
Net return on pension asset	<u>1,050</u>	<u>-</u>	<u>1,050</u>	<u>-</u>
Total	1,096	84	1,093	80

**11. Interest payable and similar charges**

	2011 £000 Group	2010 £000 Group	2011 £000 Association	2010 £000 Association
Bank interest payable	10,823	7,999	10,676	7,970
Net cost of pension liability	-	<u>597</u>	-	<u>597</u>
Total	10,823	8,596	10,676	8,567

**12. Tax on (deficit)/surplus on ordinary activities**

	2011 £000 Group	2010 £000 Group
Corporation tax		
UK Corporation Tax on income for the year	201	221
Adjustments in respect of prior years	<u>(220)</u>	<u>(200)</u>
	<u>(19)</u>	<u>21</u>

The Association's charitable status means that no corporation tax is payable on its activities. Tax is payable on the profits from the activities of the subsidiary companies.

**Factors affecting the tax charge for the current period**

	2011 £000 Group	2010 £000 Group
Current tax reconciliation		
(Loss) / profit on ordinary activities of subsidiary undertakings	(70)	77
Current Tax at 28% (2010: 28%)	(19)	21
Effects of:		
Charitable donation against prior period liabilities	220	200
(Over) / under provision in prior year	(220)	(200)
Other items	-	-
Total current tax charge (above)	<u>(19)</u>	<u>21</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**13. Auditors' remuneration**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	60	60
Audit of financial statements of subsidiaries pursuant to legislation	10	17
Other services		
-in respect of loan compliance	41	50

**14. Financial commitments**

**Capital commitments**

All capital commitments of the Group relate to the Association and were as follows:

<b>Group and Association</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Expenditure contracted for, but not provided in the financial statements	38,698	35,472
Expenditure authorised by the Board but not contracted	107,850	134,951
	<u>146,548</u>	<u>170,423</u>

**Operating leases**

At 31 March 2011 the Group and Association had annual commitments under non-cancellable operating leases as follows:

<b>Group and Association</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Land and Buildings</b>	<b>Other</b>	<b>Land and Buildings</b>	<b>Other</b>
Operating leases that expire:				
Within one year	481	62	178	127
In the second to fifth years inclusive	142	3	147	29
Over five years	1,588	-	2,075	-
	<u>2,211</u>	<u>65</u>	<u>2,400</u>	<u>156</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**15. Tangible fixed assets - Housing Properties  
Group & Association**

	<b>Core Stock £ 000</b>	<b>Donated assets £ 000</b>	<b>Housing under Construction £ 000</b>	<b>Total £ 000</b>
<b>Cost or Valuation</b>				
At 1 April 2010	499,565	1,266	12,721	513,552
Additions	100,177	0	37,690	137,867
Disposals	(17,515)	0	0	(17,515)
Transfers	16,684	0	(16,684)	0
Revaluation	(24,829)	51	0	(24,778)
At 31 March 2011	<u>574,082</u>	<u>1,317</u>	<u>33,727</u>	<u>609,126</u>
<b>Grants</b>				
At 1 April 2010	48,062	0	12,721	60,783
Received / receivable for year	10,451	0	14,980	25,431
Transfers	11,318		(11,318)	0
At 31 March 2011	<u>69,831</u>	<u>0</u>	<u>16,383</u>	<u>86,214</u>
<b>Depreciation</b>				
At 1 April 2010	-	-	-	-
Charge for year	(8,533)	(24)	-	(8,557)
Revaluation	8,533	24		8,557
At 31 March 2011	0	0	-	0
<b>Net Book Value</b>				
At 31 March 2011	<u>504,251</u>	<u>1,317</u>	<u>17,344</u>	<u>522,912</u>
Net Book Value At 1 April 2010	<u>451,503</u>	<u>1,266</u>	<u>0</u>	<u>452,769</u>

The valuation of housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Association's demolition programme, as detailed in the Association's 30-year Business Plan for 2011-12. The demolition programme identifies 5,506 properties for demolition over the next few years, with no long term investment expenditure associated with these properties. Demolition programme stock has a negative valuation for accounting purposes, and so is held at £nil on the balance sheet as under FRS 12 there is no constructive obligation at the balance sheet date to provide for these costs.

Retained stock for letting has been valued at £522.9 million.

Housing properties have been valued by DTZ Piedad, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors (RICS) to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2011 on an Existing Use Valuation for Social Housing (EUV-SH). A discount rate of 6.25% (2010: 6.25%) was used for retained stock and a rate of 8.0% (2010: 7.5%) for demolition stock. The valuation assumes an increase of RPI + 1% in line with the Association's 30 year Business Plan (2011-12). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

During 2007-08 GHA received 30 properties from GCC at nil cost. These properties were valued by DTZ Piedad at £1.317m as at 31 March 2011 (2010: £1.266m) on a EUV-SH basis. In line with our policy on donated assets the value of these properties has been treated as a government grant and written-off against the value of the asset across the economic life of the asset. The balance on the government grant account at 31 March 2011 was £1.056m (2010: £1.080m).

During 2010-11 GHA disposed of 201 properties to tenants under RTB entitlements. These properties were valued at £1.634m during the year (2010: £1.208m).

The number of units of accommodation owned and managed (excluding unlettable voids) by the Association at 31 March 2011 is shown below:

	2011	2010
<b>Social Housing</b>		
General	47,718	59,224
Supported Housing	843	937
<b>Total Social Housing</b>	48,561	60,161

The housing valuation has been based on the number of houses held for letting, approved for demolition and planned for demolition as per the approved business plan as follows:

	2011	2010
<b>Housing Properties</b>		
Housing held for long-term letting	45,713	53,992
Housing approved for demolition	1,219	1,589
Housing planned for demolition	4,287	6,106
<b>Total Units</b>	51,219	61,687

The difference between total units and Total Social Housing is made up of unlettable voids mostly within the approved for demolition and planned for demolition categories.

#### **Non adjusting post balance sheet events**

In May and June 2011 a further 9 second stage transfers took place in line with the detailed Business Plan. These disposals resulted in a net payment of £10,739k

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**16. Tangible fixed assets - other tangible fixed assets**

**Group and Association**

	<b>Commercial Properties</b>	<b>Furniture, fittings and equipment</b>	<b>Computer Equipment</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Cost or valuation				
At 1 April 2010	22,105	9,066	16,103	47,274
Additions	49	998	1,886	2,933
Disposals	(2,512)	-	-	(2,512)
At 31 March 2011	<u>19,642</u>	<u>10,064</u>	<u>17,989</u>	<u>47,695</u>
Depreciation				
At 1 April 2010	(968)	(6,288)	(10,208)	(17,464)
Charge for year	(442)	(873)	(2,498)	(3,813)
At 31 March 2011	<u>(1,410)</u>	<u>(7,161)</u>	<u>(12,706)</u>	<u>(21,277)</u>
Net Book Value				
At 31 March 2011	18,232	2,903	5,283	26,418
At 31 March 2010	21,137	2,778	5,895	29,810

Commercial Properties were valued by an independent professional adviser, Ryden Property Consultants, on 31 March 2008 in accordance with the appraisal and valuation manual of the RICS. The Directors updated this valuation on 31 March 2009, eliminating £3.0m from the revaluation reserve. No further revision was considered appropriate in 2011. A further revaluation of commercial properties will take place as at 31 March 2012.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**17. Debtors**

**Due after more than one year:**

	<b>2011</b> <b>£ 000</b> <b>Group</b>	<b>2010</b> <b>£ 000</b> <b>Group</b>	<b>2011</b> <b>£ 000</b> <b>Association</b>	<b>2010</b> <b>£ 000</b> <b>Association</b>
Development agreement (note 2)	372,427	507,054	372,427	507,054
Due from subsidiary	-	-	20,552	7,000
Arrangement fees	20,552	7,000	-	-
Deferred Expenditure	298	448	298	448
	<hr/>	<hr/>	<hr/>	<hr/>
Total	393,277	514,502	393,277	514,502
	<hr/>	<hr/>	<hr/>	<hr/>

In accordance with the development agreement accounting policy, included in debtors is a balance of £372.4m (2010: £507.0m) in respect of the expected cost of the development work that Glasgow City Council has committed to undertake in order to refurbish the properties. The Council has sub-contracted the Association to carry out the programme of catch-up repairs to the residential accommodation as part of a development agreement. This balance relates to the identical provision in the accounts for this expenditure and as work progresses both of these balances will be utilised when the work is actually undertaken.

**Due within one year:**

	<b>2011</b> <b>£ 000</b> <b>Group</b>	<b>2010</b> <b>£ 000</b> <b>Group</b>	<b>2011</b> <b>£ 000</b> <b>Association</b>	<b>2010</b> <b>£ 000</b> <b>Association</b>
Arrears of rent and service charges	10,514	11,987	10,514	11,987
Less: provision for bad and doubtful debts	(6,516)	(7,324)	(6,516)	(7,324)
	<hr/>	<hr/>	<hr/>	<hr/>
	3,998	4,663	3,998	4,663
Other debtors	34,947	41,375	33,092	39,419
Due from subsidiary undertakings	-	-	561	637
	<hr/>	<hr/>	<hr/>	<hr/>
Total	38,945	46,038	37,651	44,719
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**18. Creditors: amounts falling due within one year**

	2011 £ 000 Group	2010 £ 000 Group	2011 £ 000 Association	2010 £ 000 Association
<b>Amounts falling due within one year:</b>				
Trade creditors and accruals	53,657	56,594	52,559	53,476
Deferred Income	-	-	-	-
Rent and service charges received in advance	3,833	3,615	3,833	3,615
Salaries, wages, other taxation and social security	1,938	2,432	1,938	2,432
Corporation tax	203	221	-	-
Bank overdraft	431	1,030	431	1,030
Bank loans (note 19)	-	15,000	-	-
Right -to- Buy receipts due to Glasgow City Council (note 9)	2,036	2,522	2,036	2,559
Other creditors	6,514	4,191	6,121	3,665
Due to subsidiary undertakings	-	-	228	17,048
<b>Total</b>	<u>68,612</u>	<u>85,605</u>	<u>67,146</u>	<u>83,825</u>

**19. Creditors: amounts falling due after more than one year**

	2011 £ '000 Group	2010 £ '000 Group	2011 £ '000 Association	2010 £ '000 Association
Scottish Government Loan	87,500	75,000	87,500	75,000
Bank loans	290,250	179,000	-	-
Amount due to group company	-	-	290,268	179,000
<b>Total</b>	<u>377,750</u>	<u>254,000</u>	<u>377,768</u>	<u>254,000</u>

The Scottish Executive has made available £100.0m of contingent efficiencies grant over an eight year period. Under this agreement £87.5m (2010: £75.0m) has been received and is shown as an interest free loan. The amount is repayable in 2033-34.

**Bank lending facility**

A committed facility of £700.0m (2010: £725.0m), secured on the Association's housing stock is available from a syndicate of banks. During the year an additional £96.3m was drawn down (2010: £72.4m) at an interest rate of 5.2% (2010: 5.3%).

The bank loans are secured over the whole of the housing stock, excluding new build properties completed since stock transfer in March 2003 and certain other properties of the parent company, The Glasgow Housing Association Limited.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

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

Borrowings are repayable as follows	<b>2011</b>	<b>2010</b>
	<b>£ '000</b>	<b>£ '000</b>
In less than one year	-	15,000
In more than five years	290,250	179,000
	<u>290,250</u>	<u>194,000</u>

**20. Provisions for liabilities and charges  
Group & Association**

	<b>Development Agreement</b>	<b>Insurance</b>	<b>Total</b>
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
At 1 April 2010	507,054	2,026	509,080
Created in year	-	67	67
Utilised	(134,627)	(314)	(134,941)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
At 31 March 2011	372,427	1,779	374,206

**Development Agreement**

The provision represents the best estimate of the costs of contracted works for the repair of managed properties in 2003 less the cost of repairs carried out since that date. This agreement is part of the development agreement and as work progresses the provision will be utilised when the work is actually undertaken.

**Insurance**

A provision has been made in respect of the excess arising on all outstanding insurance claims.

**21. Share capital**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Shares of £1 each issued and fully paid		
At 1 April	13	14
Issued during year	2	5
Surrendered during year	(1)	(6)
At 31 March	14	13

Share capital is non equity and does not carry any voting rights or rights to dividend payments.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**22. Reserves**

<b>Group</b>	<b>Revenue reserve</b>	<b>Revaluation reserve - core housing stock</b>	<b>Revaluation reserve - donated assets</b>	<b>Revaluation reserve - commercial properties</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Opening Balance at 1 April 2010	106,116	52,510	188	6,911	165,725
Deficit for the year	(11,179)	-	-	-	(11,179)
Revaluation during the year		(16,296)	75	-	(16,221)
Actuarial gain in respect of pension provision	25,565	-	-	-	25,565
<hr/>					
Closing balance at 31 March 2011	120,502	36,214	263	6,911	163,890

**23. Reserves**

<b>Association</b>	<b>Revenue reserve</b>	<b>Revaluation reserve - core housing stock</b>	<b>Revaluation reserve - donated assets</b>	<b>Revaluation reserve - commercial properties</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Opening balance at 1 April 2010	105,570	52,510	188	6,911	165,179
Deficit for the year	(11,136)	-	-	-	(11,136)
Revaluation during the year		(16,296)	75	-	(16,221)
Actuarial gain in respect of pension provision	25,565	-	-	-	25,565
<hr/>					
Closing balance at 31 March 2011	119,999	36,214	263	6,911	163,387

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**24. Pensions**

The 2009/10 accounts have been restated to reflect the movement of the actuarial valuation through the income and expenditure account in accordance with FRS 17. The actuarial valuation results in a gain of £21.938m (2010: loss £1.518m). The current year gain is in respect of changes to the increases in future pensions being linked to the consumer prices index (CPI) and not the retail prices index (RPI).

The Association participates in the Strathclyde Pension Fund which is administered by Glasgow City Council and is a defined benefit scheme. The assets of the scheme are held separately from those of the Association in investments under the overall supervision of the Fund Trustees. The latest full actuarial valuation was carried out at 31 March 2008 and was updated for FRS 17 purposes to 31 March 2011 by a qualified independent actuary. The next full actuarial valuation is due as at 31 March 2012.

The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	<b>31 March 2011</b>	<b>31 March 2010</b>
Discount rate	5.5%	5.5%
Expected rate of return on plan assets	6.9%	7.2%
Future salary increases	*5.1%	5.3%
Inflation	2.8%	3.8%

\*salary increases are 1.0% p.a. nominal for the years to 31 March 2012 and 31 March 2013, reverting to 5.1% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2011, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- o Current pensioner aged 65: 20.6 years (male), 23.9 years (female).
- o Future retiree upon reaching 65: 22.6 years (male), 26.0 years (female).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The information disclosed below is in respect of the whole of the plans for which GHA has been allocated a share of cost under an agreed policy throughout the periods shown.

	<b>Value at 31 March 2011 £ 000</b>	<b>Value at 31 March 2010 £ 000</b>
Present value of funded defined benefit obligations	(208,219)	(235,144)
Fair value of plan assets	202,419	179,185
<b>Net liability</b>	<b>(5,800)</b>	<b>(55,959)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

*Movements in present value of defined benefit obligation*

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	235,144	120,070
Current service cost	7,910	4,265
Past service cost	(21,938)	1,518
Interest cost	12,479	8,804
Loss on curtailment	11,919	3,843
Actuarial losses/(gains)	(24,377)	94,446
Contributions by members	2,411	2,534
Liabilities extinguished on settlements	(12,323)	(1,280)
Liabilities assumed in a business combination	-	3,274
Estimated benefits paid	(3,006)	(2,330)
Closing defined benefit obligation	<b>208,219</b>	<b>235,144</b>

*Movements in fair value of plan assets*

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of plan assets	179,185	116,559
Expected return on plan assets	13,529	8,207
Actuarial gains / (losses)	1,188	39,081
Contributions by the employer	18,787	12,307
Contributions by the members	2,411	2,534
Assets distributed on settlements	(9,675)	(1,488)
Assets acquired in a business combination	-	4,315
Estimated benefits paid	(3,006)	(2,330)
Closing fair value of plan assets	<b>202,419</b>	<b>179,185</b>

*Expense recognised in the income and expenditure account*

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Current service cost	7,910	4,265
Losses on settlements or curtailments	9,271	4,051
Past service cost	(21,938)	1,518
Assets acquired on a business combination	-	(4,315)
Liabilities acquired on a business combination	-	3,274
Interest on defined benefit pension plan obligation	12,479	8,804
Expected return on defined benefit pension plan asset	(13,529)	(8,207)
	<hr/>	<hr/>
	(5,807)	9,390
	<hr/> <hr/>	<hr/> <hr/>

*The expense is recognised in the following line items in the profit and loss account*

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Operating costs	208,057	211,854
Past pension service gain / (loss)	21,938	(1,518)
Interest receivable / (payable)	1,096	(8,596)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is £25.565m gain (£55.365m loss, 2010).

Cumulative gains reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are losses of £10.415 million (£35.980 million loss in 2010).

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

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Equities	155,863	137,972
Corporate bonds	26,314	23,294
Property	12,145	12,543
Cash	<u>8,097</u>	<u>5,376</u>
	202,419	179,185
Actual return on plan assets	14,804	47,373

*History of experience gains and losses*

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance Sheet					
Present value of scheme liabilities	(208,219)	(235,144)	(120,070)	(128,771)	(148,395)
Fair value of scheme assets	202,419	179,185	116,559	139,653	136,808
Surplus / (deficit)	<u>(5,800)</u>	<u>(55,959)</u>	<u>(3,511)</u>	<u>10,882</u>	<u>(11,587)</u>
Experience Adjustments	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>£000 / %</b>				
Experience adjustments on scheme liabilities £000	(72)	7	11,500	2	(56)
Experience adjustments on scheme liabilities %	0.0	0.0	9.6	0.0	0.0
Experience adjustments on scheme assets £000	1,188	39,081	(39,206)	(14,228)	103
Experience adjustments on scheme assets %	0.6	21.8	(33.6)	(10.2)	0.1

Comparative information is shown to 2007 as the Association accounted for its participation in the Strathclyde Pension Fund on a defined contribution basis until 31 March 2007. A change in circumstances effective at that date resulted in the Association applying defined benefit accounting in full from 31 March 2007.

GHA expects to contribute approximately £6.609 million to its defined benefit plans in the next financial year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**25. Scottish Government and other grants**

The Scottish Government has made available a secured repayable grant of £370m receivable over 13 years. The grant is subject to a number of specified conditions. These conditions were revised on 1 April 2009 to make the grant repayable under certain circumstances. If GHA delivers all commitments to tenants made at the time of transfer in March 2003, and meets the performance standards of the Regulator by 31 March 2015 then no grant will be repayable. In the opinion of the Board, it is improbable that this grant will be repaid, and accordingly no provision for repayment of the £300.7m received to date has been made in these financial statements.

Additionally, the Scottish Government has made available to the Association a further £100m of Contingent Efficiencies Grant receivable over an eight year period from 2004-05. £87.5m has been received up to the 31 March 2011 and is shown as a loan (note 19).

A list of Scottish Government Grants and loans receivable for the year is given in the table below:

<b>Grants &amp; Loans</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
<b>Scottish Government Grants (Capital)</b>		
Secured Repayable grant	8,525	35,700
Reprovisioning grant	14,980	15,283
<b>Total Scottish Government Capital Grants</b>	<u>23,505</u>	<u>50,983</u>
<b>Other Capital Grants</b>		
Energy Efficiency	<u>1,926</u>	<u>4,233</u>
<b>Total Capital Grants</b>	<u>25,431</u>	<u>55,216</u>
<b>Scottish Government Revenue Grants</b>		
Demolition grant	12,330	16,272
<b>Scottish Government Loan</b>		
Contingent Efficiency	<u>12,500</u>	<u>12,500</u>
<b>Total</b>	<u><b>50,261</b></u>	<u><b>83,988</b></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**26. Related party transactions**

For part of the year the tenancies held by tenant Board members were held on normal commercial terms and they are not able to use their position to their advantage.

The Association retains a register of members' interests. The following interests in related parties require to be declared.

GHA had agreed Remodelled Management Agreements with Local Housing Organisations (LHOs). A number of current Board members serve on the boards of LHOs which have a transactional relationship, in line with FRS 8 "Related party disclosures", with GHA as detailed below:

Sandra Forsythe	Tower Homes
Wilma Masterton	Clydeside Tenant Partnership
John Grant	Mossspark Housing Association
Gordon Sloan	Keystone Tenant Managed Homes
Robert McCormick	Compass LHO
Kate Willis	Castlemilk LHO

The Remodelled Management Agreements expired on 31 October 2010 and as such the tenant Board members did not have an interest thereafter.

During the year GHA held nomination rights to a directorship of Scotcash CIC. These rights allow GHA to nominate up to two directors to the board of Scotcash. Peter Denheen was replaced by Mark Logan as GHA's nomination in November 2010.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**27. Cash Flow Analysis**

<b>Reconciliation of surplus to net cash inflow from operating activities</b>	<b>2011</b>	<b>2010</b>	
	<b>£000</b>	<b>£000</b>	
Surplus from operating activities	44,629	37,860	
Depreciation charges	13,216	11,352	
Increase in debtors	(7,158)	(7,372)	
(Decrease) / increase in creditors and provisions	(1,147)	6,557	
Past pension service (gain)/loss	(21,938)	1,518	
Release of government grant	(24)	(24)	
Pensions costs less contributions payable	(1,606)	(5,032)	
Net cash inflow from operating activities	<u>25,972</u>	<u>44,859</u>	
<b>Reconciliation of net cash flow to movement in net debt</b>	<b>2011</b>	<b>2010</b>	
	<b>£000</b>	<b>£000</b>	
Net debt at 1 April	(241,700)	(164,780)	
(Decrease) / increase in cash in the year	(20,833)	8,140	
Decrease / (increase) in overdraft	599	(560)	
Cash outflow / (inflow) from debt due within one year	15,000	(15,000)	
Cash inflow from debt after more than one year	(123,750)	(69,500)	
Net debt at 31 March	<u>(370,684)</u>	<u>(241,700)</u>	
<b>Analysis of changes in net debt</b>	<b>At 1 April</b>	<b>Cashflow</b>	<b>At 31 March</b>
	<b>2010</b>		<b>2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	28,330	(20,833)	7,497
Overdraft	(1,030)	599	(431)
Movement in cash	<u>27,300</u>	<u>(20,234)</u>	<u>7,066</u>
Debt due within one year	(15,000)	15,000	-
Debt due after more than one year	<u>(254,000)</u>	<u>(123,750)</u>	<u>(377,750)</u>
Net debt	<u>(241,700)</u>	<u>(128,984)</u>	<u>(370,684)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**28. Subsidiary and associated undertakings**

The ultimate parent company is Glasgow Housing Association Limited. The Association has three subsidiaries – The Glasgow Housing Association (Funding) Limited (GFL), GHA (Management) Limited (GHAM) and Your Place Property Management Limited, all private limited companies. The Association owns the whole issued share capital of all subsidiary undertakings. The objects of GFL include the provision of finance to registered social landlords. GHAM delivers factoring services to homeowners. Your Place Property Management is non-trading.

The results of Scotcash CIC have not been consolidated as an associate undertaking into these accounts as they are not material to GHA's operations. Scotcash provides accessible and affordable finance to individuals with limited access to banking services. GHA has provided start up funding to Scotcash and has no outstanding obligations.

**29. Contingent liability**

Under the terms of an agreement with Glasgow City Council, in the event of the Association's commercial property assets being sold, the proceeds are subject to a claw back agreement which provides for up to 80% of the consideration being due to Glasgow City Council.

## **SUPPLEMENTARY INFORMATION**

### **Secretary and Registered Office**

Mark Logan  
Glasgow Housing Association Limited  
Granite House  
177 Trongate  
Glasgow G1 5HF

### **Auditors**

PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow G2 7EQ

### **Bankers**

Royal Bank of Scotland  
Glasgow Corporate Office  
Kirkstane House  
139 St Vincent Street  
Glasgow G2 5JF

Lloyds Banking Group  
Henry Duncan House  
120 George Street  
Edinburgh EH2 4LH

### **Members of Loan Syndicate**

Royal Bank of Scotland  
Glasgow Corporate Office  
Kirkstane House  
139 St Vincent Street  
Glasgow G2 5JF

Lloyds Banking Group  
Henry Duncan House  
120 George Street  
Edinburgh EH2 4LH

Nationwide Building Society,  
Housing Finance,  
Kings Park Road,  
Moulton Park,  
Northampton,  
NN3 6NW.

European Investment Bank  
100 Boulevard Konrad  
Adenauer L-2950  
Luxembourg

## **BOARD MEMBERS AND EXECUTIVE TEAM INFORMATION**

### **Gordon Sloan, Chair**

Gordon was appointed to the GHA Board in March 2009 and became Chair in September 2010. He is a member of the Performance Committee, Business Transformation and Regeneration Committee, Finance Committee and Remuneration, Appointments, Appraisals and Governance Committee. He is also a Director of GHA (Funding) Ltd and is on the Board of YourPlace. Gordon is also on the Management Committee of Keystone LHO and is Chair of the Wingets Strategy Group.

### **Alastair Dempster CBE, Vice Chair**

Alastair was appointed to the GHA Board in May 2002. An Ex-President of the Chartered Institute of Bankers, Alastair has extensive experience as a banker including as Chief Executive of Lloyds TSB Bank Scotland plc. He was formerly Chair of Sportscotland and the Scottish Community Foundation. Alastair is Chair of the Board of GHA (Funding) Ltd, Chair of GHA's Finance Committee and Remuneration, Appointments, Appraisals and Governance Committee. He is also a member of the Audit Committee.

### **Mike Blyth**

Mike has been on the GHA Board since September 2010. He recently retired after being a partner at Baker Tilly, an independent firm of chartered accountants and business advisors. He has considerable experience in the not-for-profit sector and delivered audit and advisory services to 35 Registered Social Landlords throughout Scotland. Mike is a director of our factoring business, YourPlace, and is also a trustee of Erskine.

### **James Dornan MSP**

James joined the GHA Board in September 2009. He was the Leader of the SNP group on Glasgow City Council until May 2011 when he was elected to the Scottish Parliament as MSP for Glasgow Cathcart. James is a member of the Finance, Audit, and Business Transformation and Regeneration Committees.

### **Liz Walford**

Liz was appointed to the Board in August 2009. Liz has a significant experience in housing and governance, was previously Group Chief Executive of Walsall Housing Group and served at Board level in various not-for-profit organisations. She is the Chair of GHA's factoring subsidiary YourPlace, a Director of GHA (Funding) Ltd and is also Chair of the Performance Committee.

### **Ian Wall**

Ian was appointed to the Board in October 2008. Ian has an extensive background in regeneration and is an Honorary Fellow of the Royal Institute of Architects Scotland, a Fellow of The Royal Institution of Chartered Surveyors, Vice Chair of the Scottish Regeneration Forum (SURF) and a Director of Shelter UK. Ian is Chair of GHA's Business Transformation and Regeneration Committee and a member of the Finance and Audit Committees.

### **Wilma Masterton**

Wilma was elected to the Board in September 2006. She was a founder member of Clydeside Tenant Partnership and is a committee member of the Scottish Federation of Housing Associations. Wilma is a member of the Business Transformation and Regeneration Committee and is Vice Chair of the Performance Committee. She is also Chair of GHA's South Area Committee.

### **John Grant**

John was elected to the Board in September 2008. He is currently Chair of Mosspark Housing Association and the Registered Tenant Organisation Federation. John is a member of GHA's Performance Committee and is Chair of GHA's West Area Committee.

**Robert McCormick**

Robert was elected to the Board on 9 September 2009. Robert is currently Chair of Compass LHO and has served on various local steering and action groups representing tenants. He is a member of the Operations and Business Transformation and Regeneration Committees and is chair of GHA's East Area Committee.

**Kate Willis**

Kate was elected to the Board on 9 September 2009. She is the Chair of Castlemilk LHO and also serves on her local Registered Tenant Organisation. Kate is a member of the Audit and Finance Committees.

**Councillor Philip Braat**

Philip was nominated to the Board by Glasgow City Council on 3 September 2009. He is a qualified lawyer and a member of the Law Society of Scotland. Philip is a member of the Business Transformation and Regeneration and Performance Committees.

**Sandra Forsythe MBE**

Sandra has been a Board member since December 2004, and was Chair of GHA from 2005 until 2010. Her significant contribution to social housing was recognised when she was awarded an MBE in 2008. Sandra is a member of the Performance Committee and is Chair of GHA's North Area Committee.

**Alastair MacNish OBE**

Alastair was appointed to the Board in August 2009. He has extensive senior experience in the public sector, having previously been the first Chief Executive of South Lanarkshire Council and Chairman of the Accounts Commission for Scotland. Alastair is Chair of the Audit Committee, a member of the Finance Committee and a Director of GHA (Funding) Ltd.

**Ronnie Jacobs**

Ronnie was appointed to the GHA Board in September 2010. He has worked in new-build housing for more than 30 years, and was previously Managing Director of Persimmon Homes Scotland before moving on to a similar role at Miller Homes Ltd until 2003, when he was appointed Scottish Regional Chairman. He retired from Miller Homes in October 2010. Ronnie was on the Board of Homes for Scotland between 2003 and 2010 and was a past Chairman of the organisation. He was also served on the Scottish Government's Housing Supply Task Force.

## **EXECUTIVE TEAM**

### **Martin Armstrong, Chief Executive**

Martin Armstrong joined GHA in 2008 as Executive Director of Housing and Customer Service. He was appointed interim Chief Executive in September 2009 and confirmed in the position in December 2009. During this time, and particularly over the past year, Martin has led a far-reaching transformation of the organisation, taking in its operational shape, structure and delivery, and also its governance and stakeholder, public affairs and media relations. His passion, commitment and expertise in delivering modern, responsive, customer-focused services has enabled GHA to twice gain Customer Service Excellence accreditation – the UK Government’s customer-service standard. GHA as a whole has achieved Investors in People accreditation. Martin was also the driving force behind GHA becoming one of only 38 companies in the world to win the British Safety Council’s Sword of Honour – the highest international health and safety award.

### **Mark Logan, Deputy Chief Executive, Executive Director of Finance & Business Services, Company Secretary**

Mark, a Chartered Accountant, joined GHA in October 2009 from West of Scotland Housing Association where he was initially Director of Corporate Services and later Deputy Chief Executive. Prior to that he was Assistant Director of Housing and Regeneration at Ernst & Young for six years where he provided support to clients, including large local authorities and housing organisations, across the UK. Mark, a graduate of Strathclyde University, has a wealth of experience in stock transfer and second stage transfer.

### **Graham Isdale, Executive Director of Corporate Affairs**

Graham came to GHA in 2009. A former UK board director and managing director (Scotland) of Europe’s largest PR consultancy, Trimedia, Graham was previously instrumental in building two of the biggest independent PR companies in the UK. He has handled major crisis and issues-management assignments over the past 15 years for multinationals across the world, as well as FTSE 100 companies and Government and public-sector organisations, working across Europe. Graham was appointed GHA’s Executive Director of Corporate Affairs in May 2011.

### **Fanchea Kelly, Executive Director of Housing and Support Services**

Fanchea came to GHA in 2009 and was appointed Director of Strategy in 2010. During that time she led the strategic appraisal of GHA’s future purpose and direction. Fanchea has more than 20 years’ experience in housing in Scotland and has led senior teams in Edinburgh City Council, North Ayrshire, and the inspection team in Communities Scotland, as well as a spell in CoSLA contributing to the Housing (Scotland) Act 2001. Fanchea specialises in strategy and policy development, improving service delivery and performance management frameworks. Fanchea was appointed Executive Director of Housing and Support Services in June 2011.

### **Alex McGuire, Executive Director of Development and Regeneration**

Alex joined GHA in 2008 from West Lothian Council where he was a manager in Housing Strategy and Development. He has previously worked in both the private and public sectors, involved in housing-led regeneration. Before taking up the role of GHA’s Executive Director of Development and Regeneration, Alex was responsible for GHA’s city-wide capital investment and revenue repairs and maintenance programmes. Alex now has responsibility for GHA’s regeneration activities, including asset growth and employment and training that contribute to providing better homes, better lives and a better Glasgow.