



GLEN HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2010

Registered No. 2435 R (S)

Scottish Charity No. SC031874

GLEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

for the year ended 31 March 2010

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GLEN HOUSING ASSOCIATION

MEMBERS, EXECUTIVE AND ADVISERS

BOARD OF MANAGEMENT

Josephine Smith - Chairperson
Grant Hutchison- Vice Chairperson
Gilbert Forbes – Secretary
Bridget Bennett
Graham Challis
Rab Melville
Pat Milne
Heather Murray
Osato Osaghae
Maureen Mooney
John McArthur
Kim Kroeglar

DIRECTOR

Anne Dickie

Auditors

Findlay & Company
Chartered Accountants
Statutory Auditors
11 Dudhope Terrace
Dundee
DD3 6TS

Bankers

Royal Bank of Scotland
Drummond House
1 Redheughs Avenue
Edinburgh
EH12 9JN

Dunfermline Building Society
Caledonia House
Carnegie Avenue
Dunfermline
KY11 8PJ

Solicitors

T C Young
Melrose House
69A George Street
Edinburgh
EH2 2JG

Young & Partners
Castle Brae
1 George Square
Dunfermline
Fife
KY11 8QF

GLENN HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2010

The Board of Management present their report and the audited Financial Statements for the year ended 31 March 2010.

PRINCIPAL ACTIVITY

The principal activity of the Association is the provision of rented accommodation.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Association has had another reasonable year from a financial point of view in particular when taking into account the economic climate which has existed during the period.

Although only increasing our stock by 4 new units this year we have carried out a number of planned maintenance projects including kitchen renewals. We have also embarked upon the long awaited major extension to our main office in Glenrothes. Through the Fife Housing Association Alliance partnership we are also developing a further 42 units which are due to be handed over to the Association in the first quarter of the new financial year.

The interim revaluation of our stock in March 2010 confirmed an increase in the value of the stock reflecting the general slight improvement in the market since the last valuation and confirms we have no cause for concern with regard to physical impairment.

Changes in fixed assets

Details of fixed assets are set out in Notes 9 to 11.

The Board of Management and executive officers

The Board of Management and executive officers of the Association are listed on page 2.

Each member of the Board of Management holds one fully paid share of £1 in the Association. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the Board.

Statement of Board's Responsibilities

Housing Association legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ended on that date. In preparing those financial statements the Board are required to: -

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

GLEN HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT (continued)

for the year ended 31 March 2010

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

The Board is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on internal financial controls

The Board of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- (i) The reliability of financial information used within the Association or for publication.
- (ii) The maintenance of proper accounting records, and
- (iii) The safeguarding of assets against unauthorised use or disposition.

It is the Board of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that:

- (i) Formal policies and procedures are in place including the documentation of key systems and rules relating to the delegation of authorities which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- (ii) Experienced and suitably qualified staff take responsibility for important business functions.
- (iii) Forecasts and budgets are prepared which allow the Board and Management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information and significant variances from budgets are investigated as appropriate.
- (iv) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management.
- (v) The Board of Management reviews reports from the Association's staff and the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- (vi) Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

GLEN HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT (continued)

for the year ended 31 March 2010

- (vii) The Board of Management has reviewed the effectiveness of the system of internal financial controls in existence in the Association for the year ended 31 March 2010 and until 26 May 2010 no weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties, which require disclosure in the financial statements, or in the auditor's report on the financial statements.

Auditors

The auditors, Findlay & Company, have expressed their willingness to continue in office. A resolution for their re-appointment will be proposed at the annual general meeting.

By order of the Board



Secretary
Gilbert Forbes

Date: 26 May 2010

GLEN HOUSING ASSOCIATION

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of Glen Housing Association Limited for the year ended 31 March 2010 on pages 9 to 31. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described on page 3 the Association's Board of Management is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Section 24(1) of the Housing Associations Act 1985, The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and Statement of Recommended Practice: Accounting by Registered Social Landlords (2008). We also report to you if, in our opinion, the Board of Management report is not consistent with financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Association is not disclosed.

We read the Board of Management report and considered whether it is consistent with the audited financial statements. If we became aware of any apparent misstatements within the financial statements, we considered the implications for our report. Our responsibilities in this respect do not extend to a consideration of any other information.

Basis of audit opinion

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GLEN HOUSING ASSOCIATION LIMITED (continued)

OPINION

In our opinion the financial statements give a true and fair view of the state of the Association's affairs as at 31 March 2010 and of its deficit for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Section 24(1) of the Housing (Scotland) Act 2001, The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and Statement of Recommended Practice: Accounting by Registered Social Landlords (2008).



FINDLAY & COMPANY
CHARTERED ACCOUNTANTS
AND STATUTORY AUDITORS
11 DUDHOPE TERRACE
DUNDEE
DD3 6TS

Date: 26 May 2010

REPORT OF THE AUDITORS TO GLEN HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed the Board's statement on internal controls set out on page 4. The object of our review is to draw attention to any non-compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

We carried out our review in accordance with guidance issued by the Auditing Practices Board. The guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's systems of internal financial control or its corporate governance procedures.

With respect to the Board's statement on internal control on page 4, in our opinion the Board has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Board members and officers of the Association, and examination of relevant documents, in our opinion the Board's statement on page 4 appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".



FINDLAY & COMPANY
CHARTERED ACCOUNTANTS
AND STATUTORY AUDITORS
11 DUDHOPE TERRACE
DUNDEE
DD3 6TS

Date: 26 May 2010

GLEN HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2010

	Notes	<u>2010</u> £	<u>2009</u> £
TURNOVER	2	1,115,833	1,034,726
Less: Operating costs	2	(1,044,883)	(924,826)
Operating Surplus		70,950	109,900
Sale of property		-	-
Interest receivable	8	8,499	42,237
Interest payable	8	(105,156)	(156,367)
Deficit for the year		<u>£ (25,707)</u>	<u>£ (4,230)</u>

The notes on pages 14 to 31 form part of these financial statements.

GLEN HOUSING ASSOCIATION LIMITED

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2010

	Note	<u>2010</u> £	<u>2009</u> £
Retained deficit for the year	20	(25,707)	(4,230)
Unrealised surplus/(deficit) on revaluation of housing properties	23	621,466	(235,678)
Total recognised surpluses and deficits relating to the year		<u>£ 595,759</u> =====	<u>£ (239,908)</u> =====

GLEN HOUSING ASSOCIATION LIMITED

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

for the year ended 31 March 2010

	Note	<u>2010</u> £	<u>2009</u> £
Retained deficit on ordinary activities		(25,707)	(4,230)
Difference between historic cost depreciation charge And the actual depreciation charge for the year Calculated on the revalued amount	23	43,253	43,928
Historical cost surplus on ordinary activities		<u>£ 17,546</u> =====	<u>£ 39,698</u> =====

GLEN HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31 March 2010

	Note	2010 £	2009 £
Tangible Fixed Assets			
Housing Properties	9	21,421,018	20,636,039
Less: Grants	10	(13,941,018)	(13,934,081)
		-----	-----
Other fixed assets	11	7,480,000 201,450	6,701,958 80,624
		-----	-----
		7,681,450	6,782,582
		-----	-----
Current Assets			
Debtors	12	950,547	382,180
Cash at bank and in hand		938,846	1,067,479
		-----	-----
Creditors: amounts falling due within one year	13	1,889,393 (201,476)	1,449,659 (330,183)
		-----	-----
Net current assets		1,687,917	1,119,476
		-----	-----
Total assets less current liabilities		9,369,367	7,902,058
		-----	-----
Creditors: amounts falling due after more than one year	14	(3,905,436)	(3,033,882)
		-----	-----
Net assets		£ 5,463,931	£ 4,868,176
		=====	=====
Capital and Reserves			
Share Capital	15	78	82
Designated reserves	16	381,455	506,497
Revaluation reserve	23	4,030,856	3,452,643
Revenue reserve	20	1,051,542	908,954
		-----	-----
		£ 5,463,931	£ 4,868,176
		=====	=====

The financial statements on pages 9 to 31 were approved by the Board of Management on 26 May 2010 and were signed on its behalf by

..... J. Smith Chairperson
 M. Mooney Board member
 [Signature] Board member
 [Signature] Secretary

The notes on pages 14 to 31 form part of these financial statements.

GLEN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

for the year ended 31 March 2010

	<u>Note</u>	<u>2010</u> £	<u>2009</u> £
Cashflow from operating activities	26(a)	(410,433)	(41,829)
Returns on investment and servicing of finance	26(b)	(96,657)	(114,130)
Capital expenditure and financial investments	26(c)	(378,046)	(479,601)
		<u>(885,136)</u>	<u>(635,560)</u>
Financing	26(d)	755,663	641,053
(Decrease)/Increase in cash in the period		<u>£ (129,473)</u>	<u>£ 5,493</u>
Reconciliation of net cash flow to movement in net debt:-			
(Decrease)/Increase in cash in the period		(129,473)	5,493
Cash outflow from financing		(755,663)	(641,053)
Movement in net debt in the period		<u>(885,136)</u>	<u>(635,560)</u>
Net debt at 1 April 2009		(2,164,435)	(1,528,875)
Net debt at 31 March 2010	26(e)	<u>£ (3,049,571)</u>	<u>£ (2,164,435)</u>

The notes on pages 14 to 31 form part of these financial statements.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and in accordance with the requirements of the Statement of Recommended Practice; Accounting by Registered Social Landlords 2008 and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies which have been applied consistently, is set out below.

Basis of Accounting

The financial statements are prepared on the historical cost basis apart from housing properties which are stated at valuation.

Turnover

Turnover represents rental and service charge income, fees and revenue based grants receivable from local authorities and from Ministers of Scottish Government.

Mortgages

Mortgage loans are advanced by private lenders, local authorities or Ministers of Scottish Government and under the terms of individual mortgage deeds in respect of each property. Advances are available only in respect of those developments which have been given approval for Social Housing Grant by the Scottish Housing Regulator.

Social Housing Grants (SHG)

For schemes developed under the terms of Housing (Scotland) Acts, Social Housing Grant is paid directly to the Association as required, to meet its liabilities during the development process. SHG is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

Tangible Fixed Assets – Housing Properties (Note 9 & 10)

Housing properties are stated at valuation. The development costs of housing properties funded with traditional SHG or under earlier funding arrangements include the following: -

- i) Cost of acquiring land and buildings
- ii) Direct Development expenditure
- iii) Interest charged during the development stage on the mortgage loans raised to finance the scheme;

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

Depreciation

Freehold land is not depreciated. Depreciation is charged so as to write down the cost (or valuation net of social housing grant) of freehold housing properties other than freehold land to their estimated residual value on a straight line basis over their estimated useful economic lives at the following rates:

Housing Properties - 50 to 80 years

Other fixed assets are depreciated using the following rates to write down the cost evenly over their expected useful lives:

Heritable property	2% straight line
Leasehold property	10% straight line
Office furniture, fittings and equipment	15% to 33 1/3% straight line
Motor Vehicles	25% straight line

Impairment

The properties are subject to ongoing planned maintenance programme and there is unlikely to be economic obsolescence. No specific impairment review is carried out due to the regular inspection of properties throughout the year.

Designated Reserves

i) Cyclical Maintenance Reserves

This comprises the following reserves: -

Future cyclical repairs and maintenance (Note 16)

The reserve is based on the Association's ability to maintain its properties in accordance with a planned programme of works, provided it will not be met from revenue in the year in which it is incurred.

Pensions (Note 18)

The Association operates a defined benefits pension scheme, the cost of which is written off on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

Leased Assets

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Works to Existing Properties

Works are capitalised where these result in an enhancement of the economic benefits of the property. Works to existing properties which do not result in the enhancement of economic benefits are charged to the Income and Expenditure account.

2. Particulars of turnover, cost of sales, operating costs and operating surplus

	<u>Turnover</u> £	<u>Costs</u> £	<u>2010 Operating Surplus</u> £	<u>2009 Operating Surplus</u> £
Social Lettings	1,107,797	1,044,883	62,914	104,834
Other Activities	8,036	-	8,036	5,066
2010 Total	£ 1,115,833	£ 1,044,883	£ 70,950	-
2009 Total	£ 1,034,726	£ 924,826	-	£ 109,900

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	Other £	2010 Total £	2009 Total £
Rent receivable net of service charges	1,041,426	-	-	-	1,041,426	970,823
Service charges	30,254	-	-	-	30,254	29,250
Gross income from rents and Service charges	1,071,680	-	-	-	1,071,680	1,000,073
Less voids	(3,444)	-	-	-	(3,444)	(3,731)
Net income from rents and service charges	1,068,236	-	-	-	1,068,236	996,342
Grants from Scottish Ministers	39,561	-	-	-	39,561	32,862
Other revenue grants	-	-	-	-	-	-
Total turnover from social letting activities	£ 1,107,797	£ -	£ -	£ -	£ 1,107,797	£1,029,204
Management and maintenance administration costs	282,438	-	-	-	282,348	263,276
Service costs	43,992	-	-	-	43,992	48,359
Planned and cyclical maintenance including major repairs costs	306,013	-	-	-	306,013	181,331
Reactive maintenance costs	273,342	-	-	-	273,342	300,911
Bad debts – rents and service Charges	8,282	-	-	-	8,282	9,761
Depreciation of social housing	91,255	-	-	-	91,255	87,870
Impairment of social housing	-	-	-	-	-	-
Operating costs for social Letting activities	39,561	-	-	-	39,561	32,862
	1,044,883	-	-	-	1,044,883	942,370
Operating surplus for social Lettings 2010	£ 62,914	£ -	£ -	£ -	£ 62,914	£ 104,834
Operating surplus for social Lettings for 2009	£ 104,834	£ -	£ -	£ -	£ 104,834	£ 104,834

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

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

	Grants from Scottish Ministers £	Other Revenue £	Supporting People Income £	Other Income £	Total Turnover £	Operating costs - bad debts £	Other operating costs £	2010 Operating surplus or deficit £	2009 Operating surplus or deficit £
Wider role activities to support the community	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for Registered Social Landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Development for sale to Registered Social Landlords	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non Registered Social Landlords	-	-	-	-	-	-	-	-	-
Other activities (Leased offices, Insurance claims, CHR, Misc)	-	-	-	8,036	8,036	-	-	8,036	5,066
2010 Total from other activities	£ -	£ -	£ -	£ 8,036	£ 8,036	£ -	£ -	£ 8,036	£ -
2009 Total from other activities	£ -	£ -	£ -	£ 5,522	£ 5,522	£ -	£ (456)	£ -	£ 5,066

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

5. Employee Information

The average weekly number of persons employed during the year was:

	<u>2010</u>	<u>2009</u>
Housing	4	4
Administration	3	3
Caretaker	3	2
	-----	-----
	10	9
	=====	=====

	<u>2010</u> £	<u>2009</u> £
Staff costs (including director emoluments):		
Wages and Salaries	223,233	212,074
Social Security costs	17,624	16,768
Pension costs (Note 18)	27,149	26,226
	-----	-----
	£ 268,006	£ 255,068
	=====	=====

6. Operating Surplus

	<u>2010</u> £	<u>2009</u> £
(a) Operating surplus is stated after charging		
Depreciation	100,644	99,414
Repairs: Cyclical, major, day to day	579,355	482,242
Operating lease rentals	7,800	7,425
Auditor's remuneration		
Audit services	4,400	4,410
Other services	1,600	1,500
	=====	=====

7. Officers Emoluments: -

	<u>2010</u> £	<u>2009</u> £
The emoluments – excluding pension contributions, of the director who was the highest paid officer, amounted to	£ 53,358	£ 52,664
	=====	=====

During the period, there were no officers with emoluments of £60,000 or more.

The Director is a member of the Association's pension scheme described in Note 18, no enhanced special terms apply to her membership and the Association does not contribute to any other pensions on her behalf.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

8. Interest Receivable and Similar Income

	2010 £	2009 £
Interest receivable	£ 8,499 =====	£ 42,237 =====
Interest Payable and Similar Charges		
	2010 £	2009 £
Interest Payable	£ 105,156 =====	£ 156,367 =====

9. Tangible Fixed Assets

Housing Properties

	<u>Held for Letting</u> £	<u>Under Construction</u> £	<u>Total</u> £
Cost / Valuation			
At 1 April 2009	20,300,754	335,285	20,636,039
Additions	254,768	-	254,768
Disposals	-	-	-
Transferred to letting	335,285	(335,285)	-
Revaluation movement	530,211	-	530,211
At 31 March 2010	21,421,018 -----	-	21,421,018 -----
Depreciation			
At 1 April 2009	-	-	-
Charge for the year	91,255	-	91,255
Written back on revaluation	(91,255)	-	(91,255)
At 31 March 2010	-	-	-
Net Book Value			
At 31 March 2010	£ 21,421,018 =====	£ - =====	£ 21,421,018 =====
Net Book Value			
At 31 March 2009	£ 20,300,754 =====	£ 335,285 =====	£ 20,636,039 =====

The housing properties held for letting were revalued in March 2010 by an independent external valuer, DTZ Debenham Tie Leung. The basis of the interim valuation was Existing Use Value – Social Housing. The properties held for letting were valued at £7,480,000. The last full valuation was in March 2009.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

The valuation was undertaken in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors using a discounted cash flow method. The key assumption made was as follows:-

- Discount rate – 5.75%-6%
- Rent increase – RPI + 1%

Total works carried out on the housing properties for the year ended 31 March 2010 was £591,484. Of this total £12,129 (2009 – £48,667) was capitalised above and £579,355 (2009 - £482,242) was expensed in the income and expenditure statement in line with recommended practice.

10. Tangible Fixed Assets

Grants	At 1 April <u>2009</u> £	<u>Received</u> £	<u>Schemes Completed</u> £	<u>Repaid</u> £	At 31 March <u>2010</u> £
Housing Association grants; Completed schemes	13,426,707	-	341,273	-	13,767,980
Schemes in the course of construction	334,336	6,937	(341,273)	-	-
	----- 13,761,043	----- 6,937	----- -	----- -	----- 13,767,980
Empty Homes Grant	173,038	-	-	-	173,038
	----- £ 13,934,081	----- £ 6,937	----- £ -	----- £ -	----- £ 13,941,018
	=====	=====	=====	=====	=====

Carrying Value

If housing properties held for letting had not been revalued they would have appeared in the balance sheet as:

	<u>2010</u> £	<u>2009</u> £
Cost	17,826,038	17,571,271
Depreciation	(435,876)	(387,875)
Housing Association Grant	(13,767,980)	(13,761,043)
Other Grants	(173,038)	(173,038)
	-----	-----
Net book value at 31 March 2010	£ 3,449,144	£ 3,249,315
	=====	=====

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

11. Tangible Fixed Assets

Other Fixed Assets

	<u>Leasehold Improvements</u> £	<u>Office Premises</u> £	<u>Motor Vehicles</u> £	<u>Fixtures Fittings</u> £	<u>Total</u> £
Cost					
At 1 April 2009	18,949	86,109	15,926	59,172	180,156
Additions	-	119,068	-	11,147	130,215
Disposals	-	-	-	(20,356)	(20,356)
	-----	-----	-----	-----	-----
	18,949	205,177	15,926	49,963	290,015
Grant Received	-	-	-	-	-
	-----	-----	-----	-----	-----
At 31 March 2010	18,949	205,177	15,926	49,963	290,015
	-----	-----	-----	-----	-----
Depreciation					
At 1 April 2009	18,261	12,550	14,639	54,082	99,532
Charge for the year	688	1,722	1,287	5,692	9,389
Disposals	-	-	-	(20,356)	(20,356)
	-----	-----	-----	-----	-----
At 31 March 2010	18,949	14,272	15,926	39,418	88,565
	-----	-----	-----	-----	-----
Net Book Value					
At 31 March 2010	£ -	£ 190,905	£ -	£ 10,545	£ 201,450
	=====	=====	=====	=====	=====
Net book value					
At 31 March 2009	£ 688	£ 73,559	£ 1,287	£ 5,090	£ 80,624
	=====	=====	=====	=====	=====

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

12. Debtors	<u>2010</u> £	<u>2009</u> £
Amounts falling due within one year: -		
Rental Debtors	28,487	23,670
Prepayments and accrued income	44,220	21,044
Other Debtors	4,524	337,466
Amounts held by solicitor	873,316	-
	-----	-----
	£ 950,547	£ 382,180
	=====	=====

13. Creditors: Amounts falling due within one year	<u>2010</u> £	<u>2009</u> £
Bank Overdraft	840	-
Housing Loans	82,141	198,032
Accruals and Deferred Income	16,161	12,384
Rent in Advance	21,052	21,596
Other Creditors	75,421	92,867
Other tax and social security costs	5,861	5,304
	-----	-----
	£ 201,476	£ 330,183
	-----	-----

The amounts secured are £82,141 (2009 - £198,032).

14. Creditors: Amounts falling due after more than one year	<u>2010</u> £	<u>2009</u> £
Housing Loans	£ 3,905,436	£ 3,033,882
	=====	=====

The amounts secured are £3,905,436 (2009 - £3,033,882).

Loans are secured by specific charges on the Association's properties and repayable at varying rates of interest in instalments due as follows: -

	<u>2010</u> £	<u>2009</u> £
Within one year	82,141	198,032
Within one – two years	84,499	66,896
Within two – five years	268,721	223,238
After more than five years	3,552,216	2,743,748
	-----	-----
	£ 3,987,577	£ 3,231,914
	=====	=====

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

15. Share Capital

	<u>2010</u> £	<u>2009</u> £
Allotted, issued and fully paid At 1 April 2009	82	84
Issued in Year	-	3
	-----	-----
Cancelled in Year	82 (4)	87 (5)
	-----	-----
As at 31 March 2010	£ 78 =====	£ 82 =====

16. Designated Reserves

	<u>At</u> <u>1 April</u> <u>2009</u> £	<u>Inter</u> <u>Reserves</u> <u>Transfer</u> £	<u>Transfer</u> <u>to/from</u> <u>Revenue</u> <u>Reserve</u> £	<u>At</u> <u>31 March</u> <u>2010</u> £
Planned Maintenance	£ 506,497 =====	£ 150,000 =====	£ (275,042) =====	£ 381,455 =====

(i) Planned maintenance includes cyclical repairs and major repairs.

17. Capital Commitments

Capital Commitments at 31 March 2010 amounted to £1,938,320 (2009 – £1,104,380).

Capital commitments are expected to be financed through the existing loan facility in place at the year end and the Association's existing cash reserves.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

18. Pensions Update

- 1) Glen Housing Association Limited participates in the SFHA Pension Scheme.
- 2) The SFHA Pension Scheme is a multi-employer defined benefit scheme. The scheme is funded and contracted out of the state scheme.
- 3) The Scheme offers three benefit structures to employers, namely:
 - Final salary with a 1/60th accrual rate.
 - Career average revalued earnings with a 1/60th accrual rate.
 - Career average revalued earnings with a 1/70th accrual rate.
- 4) An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.
- 5) Glen Housing Association has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 30 September 2006 and for new entrants from 1 October 2006.
- 6) The Trustee commissions an actuarial valuation of the scheme every 3 years. The main purpose of the valuation is to determine the financial position of the scheme in order to determine the level of future contributions required so that the scheme can meet its pension obligations as they fall due.
- 7) The actuarial valuations assesses whether the scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
- 8) During the accounting period Glen Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7% for the period.
- 9) As at the balance sheet date there were 7 active members of the scheme employed by Glen Housing Association Limited. Glen Housing Association Limited continues to offer membership of the scheme to its employees.
- 10) It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. SHFA is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.
- 11) The last formal valuation of the scheme was performed as at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared to liabilities of £54 million (equivalent to a past service funding level of 83.4%).

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

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

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

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

	% pa
- Investment return pre retirement	7.2
- Investment return post retirement	4.9
- Rate of salary increases	4.6
- Rate of pension increases	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.25
- Rate of price inflation	2.6

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

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

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

Benefit structure	Long-term joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

- 17) If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.
- 18) Following consideration of the results of the valuation it was agreed that the shortfall of £54 million would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contributions rates from 1 April 2008 for each of the benefit structures will be:

Benefit structure	Joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	23.1 Comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9 Comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9 Comprising employer contributions of 11.9% and member contributions of 6.0%

- 19) A small number of employers that have closed the scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.
- 20) If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.
- 21) A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SHFA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

- 22) The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.
- 23) Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.
- 24) The debt for the scheme as a whole is calculated by comparing the liabilities for the scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the scheme. If the liabilities exceed assets there is a buy-out debt.
- 25) The leaving employer's share of the buy-out is the proportion of the scheme's liability attributable to employment with the leaving employer compared to the total amount of the scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy out market. The amounts of debt can therefore be volatile over time.
- 26) Glen Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2009. As at this date the estimated debt for Glen Housing Association was £533,236

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

19. Legislative Provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965. The Association was granted charitable status on 3 July 2001.

20. Reconciliation of Movement in Accumulated Surplus

	<u>2010</u> £	<u>2009</u> £
Revenue reserve b/fwd	£ 908,954	£ 830,226
	-----	-----
(Deficit)/surplus for the year	(25,707)	(4,230)
Transfer from revaluation reserve	43,253	43,928
Transfer from designated reserves	125,042	39,030
	-----	-----
	142,588	78,728
	-----	-----
Revenue reserve c/fwd	£ 1,051,542	£ 908,954
	=====	=====

21. Units in management

The Association currently manages 359 units (2009 – 355 units).

22. Payments to members and Board members

No member of the Association received any fee or remuneration during the year. Members of the Management Board were reimbursed for out of pocket expenses amounting to £1,853 (2009 - £1,479).

23. Revaluation Reserve

	<u>2010</u> £	<u>2009</u> £
At 1 April 2009	3,452,643	3,732,249
Adjustment re property disposal	-	-
Increase/(Decrease) in revaluation	621,466	(235,678)
Released to revenue reserve	(43,253)	(43,928)
	-----	-----
At 31 March 2010	£ 4,030,856	£ 3,452,643
	=====	=====

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

24. Operating Lease Commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year.

	<u>2010</u> £	<u>2009</u> £
Expiring within 1 year	-	£ 7,425
Expiring within 2-5 years	£ 7,800	-
	=====	=====

25. Contingent Liability

The Association participates in a multi employer pension scheme. Should the Association leave the scheme, the amount of employer debt has been calculated at £533,236 as at 30th September 2009. At this time there is no intention to leave the scheme.

26. Notes to the Cash Flow Statement

	<u>2010</u> £	<u>2009</u> £
(a) Reconciliation of operating surplus to operating cash flows:		
Operating surplus	70,950	109,900
Depreciation	100,644	99,414
(Increase)/decrease in debtors	(568,367)	(320,995)
Increase/(decrease) in creditors	(13,660)	69,852
	-----	-----
Net cash outflow from operating activities	£ (410,433)	£ (41,829)
	=====	=====
	<u>2010</u> £	<u>2009</u> £
(b) Returns on investment and servicing of finance:		
Interest received	8,499	42,237
Interest paid	(105,156)	(156,367)
	-----	-----
	£ (96,657)	£ (114,130)
	=====	=====

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2010

26. Notes to the Cash Flow Statement (continued)

	<u>2010</u> £	<u>2009</u> £
(c) Capital expenditure:		
Payments to acquire tangible fixed assets	(384,983)	(2,188,904)
Receipts from sale of tangible fixed assets		-
Receipt / (repayment) of grants	6,937	1,709,303
	<u>£ 378,046</u>	<u>£ (479,601)</u>

	<u>2010</u> £	<u>2009</u> £
(d) Financing		
Repayment of loans and leases	(232,653)	(63,227)
Loans acquired in year	988,316	704,280
	<u>£ 755,663</u>	<u>£ 641,053</u>

	<u>At 01/04/09</u> £	<u>Cash Flows</u> £	<u>At 31/03/10</u> £
(e) Analysis of net debt:			
Cash in hand and at bank	1,067,479	(128,633)	938,846
Overdraft	-	(840)	(840)
Bank loans due within one year	(198,032)	115,891	(82,141)
Bank loans due after more than one year	(3,033,882)	(871,554)	(3,905,436)
	<u>£ (2,164,435)</u>	<u>£ (885,136)</u>	<u>£ (3,049,571)</u>

27. Related Parties

Four of the board members were also tenants of the Association. Some board members are also employees of related local authorities. All tenancies and transactions with related parties are on normal commercial terms and their position as a board member cannot be used to their advantage.

No member of the board received remuneration.