



**GLEN HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**for the year ended 31 March 2012**

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Registered No. 2435 R (S)  
Scottish Charity No. SC031874

GLEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

for the year ended 31 March 2012

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GLEN HOUSING ASSOCIATION

MEMBERS, EXECUTIVE AND ADVISERS

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**BOARD OF MANAGEMENT**

John McArthur – Chairperson  
Heather Murray – Vice Chairperson  
Rab Melville – Secretary  
Grant Hutchison  
Josephine Smith  
Bridget Bennett  
Pat Milne  
Osato Osaghae  
Kim Kroeglar (resigned Oct 2011)  
Graham Challis (resigned Sep 2011)  
Derek Gray (appointed Jan 2012)  
Alison Crook (appointed Mar 2012)

**DIRECTOR**

Anne Dickie

**Auditors**

Findlay & Company  
Chartered Accountants  
Statutory Auditors  
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

## GLEN HOUSING ASSOCIATION

### REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2012

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The Board of Management present their report and the audited Financial Statements for the year ended 31 March 2012.

#### **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 a positive year from a financial point of view, much quieter on all fronts than the previous few years.

Day to day costs have been well controlled and we have continued to progress on schedule with our planned maintenance programme.

The Association has not increased stock numbers this year but will be obtaining 13 new units in the first half of the coming year through our partnership with the Fife Housing Association Alliance.

A revaluation of the stock was carried out in 2012 and showed a reasonable increase in the value of our stock from the previous year. In addition, ongoing inspections of the stock continues to suggest that the stock overall remains in good condition.

During the year the Association adopted component accounting in accordance with SORP 2010 regulations. Although challenging for all involved, this work is now completed and full adoption of component accounting has now taken place within these Accounts. Details of the effect of the accounting policy can be seen throughout the Notes to the Accounts.

#### **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.

## GLEN HOUSING ASSOCIATION

### REPORT OF THE BOARD OF MANAGEMENT (continued)

for the year ended 31 March 2012

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#### **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.

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.

GLEN HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT (continued)

for the year ended 31 March 2012

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- (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 as well as the internal and 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.
- (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 2012 and until 30 May 2012. 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.

In so far as the Board of Management is aware:

- there is no relevant audit information (information needed by the Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- they have taken all the steps that they ought to have taken to make themselves aware of the relevant audit information and to establish that the Association's auditors are aware of that information.

### 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  
Rab Melville

Date: 30 May 2012

## GLEN HOUSING ASSOCIATION

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLEN HOUSING ASSOCIATION

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We have audited the financial statements of Glen Housing Association Limited for the year ended 31 March 2012 which comprise income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses 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).

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

#### **Respective responsibilities of board and the auditor**

As explained more fully in the Statement of Board's Responsibilities set out on page 3, the Board of Management is responsible for the preparation of the 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 relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **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 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 Report of the Board of Management 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 Association's affairs as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, Schedule 7 to the Housing (Scotland) Act 2001, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

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

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**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.

*Joan Williamson*

JOAN WILLIAMSON, CA (SENIOR STATUTORY AUDITOR)  
For and on Behalf of  
FINDLAY & COMPANY  
CHARTERED ACCOUNTANTS  
AND STATUTORY AUDITOR  
11 DUDHOPE TERRACE  
DUNDEE  
DD3 6TS

Date: 30 May 2012



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

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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".

JOAN WILLIAMSON, CA (SENIOR STATUTORY AUDITOR)  
For and on behalf of  
FINDLAY & COMPANY  
CHARTERED ACCOUNTANTS  
AND STATUTORY AUDITOR  
11 DUDHOPE TERRACE  
DUNDEE  
DD3 6TS

Date: 30 May 2012

GLEN HOUSING ASSOCIATION LIMITED  
 INCOME AND EXPENDITURE ACCOUNT  
 for the year ended 31 March 2012

	Notes	<u>2012</u> £	<i>Restated</i> <u>2011</u> £
TURNOVER	2	1,312,463	1,222,574
Less: Operating costs	2	(1,039,032)	(1,151,300)
Operating Surplus		273,431	71,274
Interest receivable	8	6,443	4,685
Interest payable	8	(134,382)	(125,372)
(Deficit) / Surplus for the year		£ 145,492 =====	£ (49,413) =====

All amounts relate to continuing activities.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The notes on pages 13 to 32 form part of these financial statements.

GLEN HOUSING ASSOCIATION LIMITED

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2012

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	Note	<u>2012</u> £	<i>Restated</i> <u>2011</u> £
Retained (deficit)/surplus for the year	19	145,492	(49,413)
Unrealised (deficit)/surplus on revaluation of housing properties	22	487,922	(264,407)
Prior year adjustment	27	172,326	
Total recognised surpluses and deficits relating to the year		----- £ 805,740 =====	----- £ (313,820) =====

GLEN HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31 March 2012

	Note	<u>2012</u> £	<i>Restated</i> <u>2011</u> £
<b>Tangible Fixed Assets</b>			
Housing Properties	9	26,273,825	25,912,011
Less: Grants	10	(16,861,825)	(16,956,011)
		-----	-----
Other fixed assets	11	9,412,000 452,044	8,956,000 460,546
		-----	-----
		9,864,044	9,416,546
		-----	-----
<b>Current Assets</b>			
Debtors	12	106,392	142,237
Cash at bank and in hand		756,000	647,215
		-----	-----
<b>Creditors:</b> amounts falling due within one year	13	862,392 (297,203)	789,452 (261,133)
		-----	-----
<b>Net current assets</b>		565,189	528,319
		-----	-----
<b>Total assets less current liabilities</b>		10,429,233	9,944,865
		-----	-----
<b>Creditors:</b> amounts falling due after more than one year	14	(4,602,290)	(4,751,314)
		-----	-----
<b>Net assets</b>		£ 5,826,943	£ 5,193,551
		=====	=====
<b>Capital and Reserves</b>			
Share Capital	15	57	79
Revaluation reserve	22	4,403,220	3,915,298
Revenue reserve	19	1,423,666	1,278,174
		-----	-----
		£ 5,826,943	£ 5,193,551
		=====	=====

The financial statements on pages 9 to 30 were approved by the Board of Management on 30 May 2012 and were signed on its behalf by

.....*C. Smith R. Hutton*..... Board member  
 .....*J. Smith*..... Board member  
 .....*P. Miller*..... Secretary

The notes on pages 13 to 32 form part of these financial statements.

GLEN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

for the year ended 31 March 2012

	<u>Note</u>	<u>2012</u> £	<i>Restated</i> <u>2011</u> £
Cashflow from operating activities	25(a)	526,483	1,272,541
Returns on investment and servicing of finance	25(b)	(127,939)	(120,687)
Capital expenditure and financial investments	25(c)	(119,639)	(2,387,577)
		<u>278,905</u>	<u>(1,235,723)</u>
Financing	25(d)	(156,824)	931,636
(Decrease)/Increase in cash in the period		£ 122,081 =====	£ (304,087) =====
Reconciliation of net cash flow to movement in net debt:-			
(Decrease)/Increase in cash in the period		122,081	(304,087)
Cash (inflow)/outflow from financing		156,802	(931,635)
Movement in net debt in the period		<u>278,883</u>	<u>(1,235,722)</u>
Net debt at 1 April 2011		(4,285,293)	(3,049,571)
Net debt at 31 March 2012	25(e)	£ (4,006,410) =====	£ (4,285,293) =====

The notes on pages 13 to 32 form part of these financial statements.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

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**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 Housing Providers Update 2010 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.

Grants for capital expenditure are deducted from the cost of the fixed assets to which they relate as they become receivable. Grants for revenue expenditure are credited to the Income and Expenditure Account as they become receivable.

Grants attributed to individual components are written off to the Income and Expenditure Account when these components are replaced. Component replacement is not deemed to create a relevant event for repayment or recycling purposes. Upon disposal of the associated property, the Association will be required to repay or recycle the grants, as such a contingent liability is disclosed to reflect this.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

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**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.

**Works to Existing Properties**

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the property, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Works to existing properties which do not result in the enhancement of economic benefits are charged to the Income and Expenditure account.

**Depreciation**

Housing under construction and freehold land is not depreciated. Depreciation is charged by major components 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 of each identified component at the following rates:

Structure	80 years
Roofs	60 years
Kitchens	15 years
Bathrooms	30 years
Heating Pipes	30 years
Boilers	15 years
Windows & Doors	30 years
Electrics	30 years
Site works	25 years
External Walls	30 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

## GLEN HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

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#### **Capitalisation Of Development Overheads**

Costs which are directly attributable to bring assets into working condition are included in housing properties cost during development and component replacement. Directly attributable costs include direct labour cost of the Association and incremental costs which would have been avoided only if the development or component replacement was not taking place. All other development costs are written off to the Income and Expenditure Account in the period in which it occurs.

#### **Impairment**

The housing 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 and the housing properties being included on valuation basis. Revaluation movements have been properly adjusted through the Revaluation Reserve.

#### **Pensions (Note 17)**

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.

#### **Leased Assets**

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

#### **Prior Year Adjustment**

The adoption of component accounting during the period represents a change in accounting policy. Previously the major components of the Association's housing properties were deemed to be land and buildings. The major components are now deemed to be land, structure, roofs, kitchens, bathrooms, heating pipes, boilers, windows & doors, electrics, site works and external walls. Each component has a substantially different economic life and is depreciated over this individual life. The new accounting policy is compliant with the updated SORP 2010. For further detail on the prior year adjustment see Note 27.



GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

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

	<u>Turnover</u> £	<u>Operating Costs</u> £	<u>2012 Operating Surplus</u> £	<i>Restated</i> <u>2011 Operating Surplus</u> £
Social Lettings	1,295,733	(1,021,765)	273,968	69,254
Other Activities	16,730	(17,267)	(537)	2,020
2012 Total	£ 1,312,463 =====	£1,039,032 =====	£ 273,431 =====	£ 71,274 =====
2011 Total (Restated)	£ 1,222,574 =====	£ 1,151,300 =====	£ - =====	£ - =====

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

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

	General Housing £	Supported Needs Accommodation £	Shared Housing Housing £	Ownership Other £	2012 Total £	Restated 2011 Total £
Rent receivable net of service charges	1,234,305	-	-	-	1,234,305	1,167,249
Service charges	37,993	-	-	-	37,993	32,501
Gross income from rents and Service charges	1,272,298	-	-	-	1,272,298	1,199,750
Less voids	(1,929)	-	-	-	(1,929)	(5,552)
Net income from rents and service charges	1,270,369	-	-	-	1,270,369	1,194,198
Grants from Scottish Ministers	25,364	-	-	-	25,364	21,356
Other revenue grants	-	-	-	-	-	-
Total turnover from social letting activities	£1,295,733	£ -	£ -	£ -	£1,295,733	£ 1,215,554
Management and maintenance administration costs	342,104	-	-	-	342,104	359,873
Service costs	51,807	-	-	-	51,807	42,267
Planned and cyclical maintenance	23,723	-	-	-	23,723	144,516
Reactive maintenance costs	378,149	-	-	-	378,149	344,164
Bad debts – rents and service Charges	2,617	-	-	-	2,617	7,066
Depreciation of social housing	198,001	-	-	-	198,001	227,058
Impairment of social housing	-	-	-	-	-	-
Operating costs for social Letting activities	25,364	-	-	-	25,364	21,356
	£1,021,765	-	-	-	£1,021,765	1,146,300
Operating surplus for social Lettings 2012	£ 273,968	£ -	£ -	£ -	£ 273,968	-
Operating surplus for social Lettings for 2011	£ 69,254	£ -	£ -	£ -	-	£ 69,254

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

**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 £	2012 Operating surplus or deficit £	2011 Operating surplus or deficit £
Wider role activities to support the community	-	-	-	9,075	9,075	-	(17,267)	(6,192)	(5,000)
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)	-	-	-	7,655	7,655	-	-	7,655	7,020
<b>2012 Total from other activities</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ 16,730</b>	<b>£ 16,730</b>	<b>£ -</b>	<b>£ (17,267)</b>	<b>£ (537)</b>	<b>£ -</b>
<b>2011 Total from other activities</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ 7,020</b>	<b>£ 7,020</b>	<b>£ -</b>	<b>£ 5,000</b>	<b>£ -</b>	<b>£ 2,020</b>

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

5. Employee Information

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

	<u>2012</u>	<u>2011</u>
Housing	4	4
Administration	3	3
Caretaker	4	4
	-----	-----
	11	11
	=====	=====

	<u>2012</u> £	<u>2011</u> £
Staff costs (including director emoluments and capitalised costs):		
Wages and Salaries	251,519	241,308
Social Security costs	19,938	19,296
Pension costs (Note 17)	39,659	28,222
	-----	-----
	£ 311,116	£ 288,826
	=====	=====

6. Operating Surplus

	<u>2012</u> £	<i>Restated</i> <u>2011</u> £
(a) Operating surplus is stated after charging		
Depreciation	217,699	240,611
Impairment of office premises	-	85,641
Repairs: Cyclical, day to day	401,872	488,680
Operating lease rentals	7,800	7,800
Auditor's remuneration		
Audit services	6,000	4,200
Other services	6,880	1,513
	=====	=====

7. Officers Emoluments: -

	<u>2012</u> £	<u>2011</u> £
The emoluments – excluding pension contributions, of the director who was the highest paid officer, amounted to	£ 55,414	£ 54,630
	=====	=====

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 2012

8. Interest Receivable and Similar Income

	2012 £	2011 £
Interest receivable	£ 6,443 =====	£ 4,685 =====

Interest Payable and Similar Charges

	2012 £	2011 £
Interest Payable	£134,382 =====	£ 125,372 =====

9. Tangible Fixed Assets

Housing Properties

	<u>Held for Letting</u> £	<u>Under Construction</u> £	<u>Total</u> £
<b>Cost / Valuation</b>			
At 1 April 2011 (restated)	27,102,835	-	27,102,835
Additions	166,079	-	166,079
Disposals	(121,971)	-	(121,971)
Transferred to letting	-	-	-
Revaluation movement	487,922	-	487,922
At 31 March 2012	<u>27,634,865</u>	<u>-</u>	<u>27,146,943</u>
<b>Depreciation</b>			
At 1 April 2011 (restated)	1,190,824	-	1,190,824
Charge for the year	194,813	-	194,813
Written back on disposals	(24,597)	-	(24,597)
At 31 March 2012	<u>1,361,040</u>	<u>-</u>	<u>1,361,040</u>
<b>Net Book Value</b>			
At 31 March 2012	<u>£ 26,273,825</u> =====	<u>£ -</u> =====	<u>£ 25,785,903</u> =====
<b>Net Book Value</b>			
At 31 March 2011 (restated)	<u>£ 25,912,011</u> =====	<u>£ -</u> =====	<u>£ 25,912,011</u> =====

The housing properties held for letting were revalued in May 2012 by an independent external valuer, DTZ Debenham Tie Leung. The basis of the valuation was Existing Use Value – Social Housing. The properties held for letting were valued at £9,412,000.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

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 assumptions made were as follows:-

- Discount rate – 5.75%-6.25%
- Rent increase – Inflation + 1%

Total works carried out on the housing properties for the year ended 31 March 2012 was £567,951. Of this total £166,079 (2011 – £226,299) was capitalised above and £401,872 (2011 - £488,680) was expensed in the income and expenditure statement in line with recommended practice. Included in housing properties is direct staff time capitalised with cumulative amount totalling £23,628 (2011 - £9,064).

**10. Tangible Fixed Assets**

Grants

	<i>Restated</i> <b>At 1 April</b> <u>2011</u> £	<u>Received</u> £	<u>Schemes</u> <u>Completed</u> £	<u>Disposals</u> £	<b>At 31 March</b> <u>2012</u> £
Housing Association grants;					
Completed schemes	16,739,983	-	-	(94,186)	16,645,797
Schemes in the course of construction	-	-	-	-	-
	----- 16,739,983	----- -	----- -	----- (94,186)	----- 16,645,797
Empty Homes Grant	173,038	-	-	-	173,038
Scottish Water Grant	42,990	-	-	-	42,990
	----- £ 16,956,011	----- £ -	----- £ -	----- £ (94,186)	----- £ 16,861,825
	=====	=====	=====	=====	=====

**Carrying Value**

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

	<u>2012</u> £	<i>Restated</i> <u>2011</u> £
Cost	23,231,644	23,187,536
Depreciation	(1,361,039)	(1,190,823)
Housing Association Grant	(16,645,796)	(16,739,983)
Other Grants	(216,028)	(216,028)
	-----	-----
Net book value at 31 March 2012	£5,008,781	£ 5,040,702
	=====	=====

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

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 2011	18,949	456,163	29,608	56,210	560,930
Additions	1,226	7,533	-	2,437	11,196
Disposals	-	-	-	(1,409)	(1,409)
	-----	-----	-----	-----	-----
	20,175	463,696	29,608	57,238	570,717
Grant Received	-	-	-	-	-
	-----	-----	-----	-----	-----
At 31 March 2012	20,175	463,696	29,608	57,238	570,717
	-----	-----	-----	-----	-----
Depreciation					
At 1 April 2011	18,949	21,163	16,854	43,418	100,384
Charge for the year	74	9,274	3,420	6,930	19,698
Disposals	-	-	-	(1,409)	(1,409)
	-----	-----	-----	-----	-----
At 31 March 2012	19,023	30,437	20,274	48,939	118,673
	-----	-----	-----	-----	-----
Net Book Value					
At 31 March 2012	£1,152	£ 433,259	£9,334	£8,299	£452,044
	=====	=====	=====	=====	=====
Net book value					
At 31 March 2011	£ -	£ 435,000	£12,754	£ 12,792	£ 460,546
	=====	=====	=====	=====	=====

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

12. Debtors	<u>2012</u> £	<u>2011</u> £
Amounts falling due within one year: -		
Rental Debtors	40,340	34,647
Prepayments and accrued income	52,959	41,279
Other Debtors	13,093	66,311
	-----	-----
	£ 106,392	£ 142,237
	=====	=====

13. Creditors: Amounts falling due within one year	<u>2012</u> £	<u>2011</u> £
Bank Overdraft	-	13,296
Housing Loans	160,120	167,898
Accruals and Deferred Income	28,275	32,307
Rent in Advance	29,201	25,716
Other Creditors	73,355	16,010
Other tax and social security costs	6,252	5,906
	-----	-----
	£ 297,203	£ 261,133
	-----	-----

The amounts secured are £160,120 (2011 - £167,898).

14. Creditors: Amounts falling due after more than one year	<u>2012</u> £	<u>2011</u> £
Housing Loans	£4,602,290	£4,751,314
	=====	=====

The amounts secured are £4,602,290 (2011 - £4,751,314).

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

	<u>2012</u> £	<u>2011</u> £
Within one year	160,120	167,898
Within one – two years	164,390	171,528
Within two – five years	520,354	537,677
After more than five years	3,917,546	4,042,109
	-----	-----
	£ 4,762,410	£ 4,919,212
	=====	=====



GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

**15. Share Capital**

	<u>2012</u> £	<u>2011</u> £
Allotted, issued and fully paid At 1 April 2012	79	78
Issued in Year	3	1
	-----	-----
Cancelled in Year	82 (25)	79 -
	-----	-----
As at 31 March 2012	£ 57	£ 79
	=====	=====

**16. Capital Commitments**

	<u>2012</u> £	<u>2011</u> £
Capital expenditure authorised and contracted for	1,634,774	6,000
Capital expenditure authorised and not contracted for	-	-
	=====	=====

The capital commitments will be funded by way of grants from the Scottish Executive and private finance.

Of the amount contracted for at 31 March 2012, £1,491,794 relates to construction of properties and £142,980 relates to replacement of components.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

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**17. Pensions Update**

- 1) Glen Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme.
- 2) The Scheme is a multi-employer defined benefit scheme. The scheme is funded and contracted out of the State Pension scheme.
- 3) The Scheme offers five benefit structures to employers, namely:
  - Final salary with a 1/60<sup>th</sup> accrual rate.
  - Career average revalued earnings with a 1/60<sup>th</sup> accrual rate.
  - Career average revalued earnings with a 1/70<sup>th</sup> accrual rate.
  - Career average revalued earnings with a 1/80<sup>th</sup> accrual rate.
  - Career average revalued earnings with a 1/120<sup>th</sup> accrual rate, contracted in.
- 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 1/60<sup>th</sup> accrual rate benefit structure for active members as at 1 April 2011 and is currently undergoing consultation for considering benefit structure for new entrants.
- 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) During the accounting period Glen Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6% for the period. In addition the Association contributed £20,028 in the year towards the past deficits.
- 8) As at the balance sheet date there were 8 active members of the scheme employed by Glen Housing Association Limited. The annual pensionable payroll in respect of these members was £211,452. Glen Housing Association Limited continues to offer membership of the scheme to its employees.
- 9) It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme 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.
- 10) The last formal valuation of the scheme was performed as at 30 September 2009 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

- 11) The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.
- 12) The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

<b>2009 Valuation Assumptions</b>	<b>% pa</b>
- Investment return pre retirement	7.4
- Investment return post retirement – Non-pensioners	4.6
- Investment return post retirement – Pensioners	4.8
- Rate of salary increases	4.5
- Rate of pension increases	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are (5%))	
- Rate of price inflation	3.0

<b>Mortality Tables</b>	
Non-pensioners	SAPS (S1PA) All Pensioners year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners year of Birth Long Cohort with 1% p.a. minimum improvement

<b>Contribution Rates for Future Service (payable from 1 April 2011)</b>	<b>%</b>
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions*	10.4

(\* Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumptions. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contribution.)

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

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- 13) 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.
- 14) 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.
- 15) 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.
- 16) Glen Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2011. As at this date the estimated debt for Glen Housing Association was £660,000.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

**18. Legislative Provisions**

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

**19. Reconciliation of Movement in Accumulated Surplus**

	<u>2012</u> £	<i>Restated</i> <u>2011</u> £
Revenue reserve b/fwd	£ 1,278,174	£ 1,284,149
	-----	-----
(Deficit)/surplus for the year	145,492	(49,413)
Prior Year Adjustment for revaluation reserve transfer	-	43,438
	-----	-----
	145,492	(5,975)
	-----	-----
Revenue reserve c/fwd	£ 1,423,666	£ 1,278,174
	=====	=====

**20. Units in management**

The Association currently manages 402 units (2011 – 402 units).

**21. 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 £1,659 (2011 - £2,059).

**22. Revaluation Reserve**

	<u>2012</u> £	<i>Restated</i> <u>2011</u> £
At 1 April 2011 (restated)	3,915,298	4,179,705
Adjustment re property disposal	-	-
Increase/(Decrease) in revaluation	487,922	(264,407)
Released to revenue reserve	-	-
	-----	-----
At 31 March 2012	£ 4,403,220	£ 3,915,298
	=====	=====

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

**23. Operating Lease Commitments**

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

	<u>2012</u> £	<u>2011</u> £
Expiring within 1 year	£ -	£ -
Expiring within 2-5 years	£ 7,800	£ 7,800
	=====	=====

**24. 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 £660,000 as at 30<sup>th</sup> September 2011. At this time there is no intention to leave the scheme.

At 31 March 2012, the Association has disposed of components, which had received £796,905 (2011 (restated) £702,719) of grant funding. Although the disposal of these components has not given rise to a relevant event for the purposes of repayment or recycling the grant (as the Association retains the property asset) it does have a future obligation to repay or recycle such grant once the property is disposed of.

As the timing of any future disposal is uncertain, in accordance with Financial Reporting Standard 12 - Provisions, Contingent Liabilities and Contingent Assets, no provision has been recognised in these financial statements.

**25. Notes to the Cash Flow Statement**

	<u>2012</u> £	<i>Restated</i> <u>2011</u> £
(a) Reconciliation of operating surplus to operating cash flows:		
Operating (deficit) / surplus	273,431	71,274
Impairment of office premises	-	85,641
Depreciation	217,699	240,611
(Increase)/decrease in debtors	(26,786)	870,941
Increase/(decrease) in creditors	62,139	4,074
	-----	-----
Net cash outflow from operating activities	£ 526,483	£ 1,272,541
	=====	=====
	<u>2012</u> £	<u>2011</u> £
(b) Returns on investment and servicing of finance:		
Interest received	6,443	4,685
Interest paid	(134,382)	(125,372)
	-----	-----
	£ (127,939)	£ (120,687)
	=====	=====

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

25. Notes to the Cash Flow Statement (continued)

	<u>2012</u> £	<u>Restated</u> <u>2011</u> £
(c) Capital expenditure:		
Payments to acquire tangible fixed assets	(182,270)	(6,081,654)
Receipts from sale of tangible fixed assets	-	-
Receipt / (repayment) of grants	62,631	3,694,077
	----- £ (119,639) =====	----- £ (2,387,577) =====
 (d) Financing		
	<u>2012</u> £	<u>2011</u> £
Repayment of loans and leases	(156,802)	(137,367)
Loans acquired in year	-	1,069,002
Share capital movement	(22)	1
	----- £ (156,824) =====	----- £ 931,636 =====

	<u>At 01/04/11</u> £	<u>Cash Flows</u> £	<u>At 31/03/12</u> £
(e) Analysis of net debt:			
Cash in hand and at bank	647,215	108,785	756,000
Overdraft	(13,296)	13,296	-
Bank loans due within one year	(167,898)	7,778	(160,120)
Bank loans due after more than one year	(4,751,314)	149,024	(4,602,290)
	----- £ (4,285,293) =====	----- £ 278,883 =====	----- £ (4,006,410) =====

26. 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.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

**27. Prior Year Adjustment**

The prior year adjustment reflects the introduction of component accounting in accordance with SORP update 2010 which confirms that housing properties always comprise of several components.

The Association has determined that its properties include major components as set out in note 1 to these financial statements. The SORP 2010 requires these components to be accounted for separately to the land and structure of the building for depreciation purposes.

With the introduction of component accounting the Association considers that it is not appropriate to hold designated reserves. The prior year adjustment therefore includes the elimination of the designated reserves.

The effect of this change in accounting policy is to decrease the Association surplus for the year ending 31 March 2011 by £60,283.

The cumulative effect on the Association revenue reserves is an increase of £172,326.

**Impact of component accounting**

	<b>Cumulative prior year adjustments to 31 March 2010</b>	<b>Prior year adjustment for 2010-11</b>	<b>Cumulative prior year adjustments to 31 March 2011</b>
	£	£	£
<b>Income &amp; Expenditure account</b>			
Operating costs – depreciation charge (2010 includes grant write-offs)	(38,053)	(120,034)	(158,087)
Operating costs – major improvement expenditure (2010 includes disposals)	(110,795)	214,684	103,889
	-----	-----	-----
Impact on operating surplus	(148,848)	94,648	(54,198)
	-----	-----	-----
<b>Balance Sheet</b>			
<b>Housing Properties (Valuation)</b>			
At 31 March as previously stated	21,421,018		26,653,726
Land revaluation movement and Previously reversed depreciation	584,725	(31,573)	553,152
Additional capitalisation of components (2010 includes net disposals impact)	(110,795)	214,684	103,889
Stage 3 adaptations written off	(38,997)		(38,997)
Costs of disposals	-	(168,934)	(168,934)
	-----	-----	-----
At 31 March as restated	21,855,951		27,102,835
	-----		-----



GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

**Impact of component accounting (continued)**

	<b>Cumulative prior year adjustments to 31 March 2010 £</b>	<b>Prior year adjustment for 2010-11 £</b>	<b>Cumulative prior year adjustments to 31 March 2011 £</b>
<b>Housing Properties (Depreciation)</b>			
At 31 March as previously stated	-		-
Additional depreciation and Previously reversed depreciation	1,046,812	176,822	1,223,634
Depreciation on disposals	-	(32,811)	(32,811)
	-----		-----
At 31 March as restated	1,046,812		1,190,823
	-----		-----
<b>Housing Properties (Grants)</b>			
At 31 March as previously stated	13,941,018		17,697,726
Stage 3 adaptations written off	(38,997)		(38,997)
Grants w-off on component replacement	(572,883)	(129,835)	(702,718)
	-----		-----
At 31 March as restated	13,329,138		16,956,011
	-----		-----
<b>Revaluation Reserves</b>			
At 31 March as previously stated	4,030,856		3,861,100
Land revaluation movements	148,849	(94,651)	54,198
	-----		-----
At 31 March as restated	4,179,705		3,915,298
	-----		-----
<b>Designated Reserves</b>			
At 31 March as previously stated	381,455		226,524
Elimination of designated reserves	(381,455)	154,931	(226,524)
	-----		-----
At 31 March as restated	-		-
	-----		-----
<b>Revenue Reserves</b>			
At 31 March as previously stated	1,051,542		1,105,848
Impact on operating surplus	(148,848)	94,648	(54,198)
Elimination of designated reserves	381,455	(154,931)	226,524
	-----		-----
At 31 March as restated	1,284,149		1,278,174
	-----		-----