

GLEN HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2018

RSL NO 267

FCA NO 2435R(S)

CHARITY NO SC031874

GLEN HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2018

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MEMBERS, EXECUTIVE AND ADVISERS

Board of Directors

Heather Murray – Vice Chair; Apr 2017-Sep 2017; Chairperson; October 2017
Derek Gray - Chairperson; Apr 2017-June 2017; resigned July 2017
Robert Melville – Secretary
John McArthur
Jim Souter
Josephine Smith – Vice Chair October 2017
Pat Milne
Osato Osaghae
Alison Crook
Joyce McCartney
Isobel Muirhead – from June 2017
Graham Ross – from July 2017
Ross Taylor – from July 2017
Beverley Miller – co-opted from January 2018

Director

Anne Dickie

Registered Office

28 Heimdal Gardens
Glenrothes
KY7 6TZ

Auditor

Findlays
Chartered Accountants
11 Dudhope Terrace
Dundee
DD3 6TS

Principal Bankers

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

Solicitors

TC Young
Melrose House
69A George Street
Edinburgh
EH2 2JG

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

Report of the Board of Directors

The Board of Directors present their report and the audited financial statements for the year ended 31 March 2018.

Principal Activities

Glen Housing Association ("the Association") aims to provide housing solutions to meet the needs of local communities and to serve the interests of our current and future tenants.

Board of Directors

The Board of Directors are as detailed on page 1 of the financial statements.

Operating Financial Review

The Association provides a range of sustainable housing solutions, develops social and economic opportunities and provides an effective and efficient service to its customers.

1 Financial / Treasury Management

- 1.1 In the financial year 2017/18 the Association has made a surplus of £1,461,934 (2017 £401,303). The Association's revenue reserves now sit at a balance of £8,267,570 (2017 - £6,805,636) being carried forward to 2018/19.
- 1.2 Finances are managed through the yearly budget process and ongoing development of key performance targets.
- 1.3 The Association continues to invest in the existing stock and the five year financial projections detail how resources are deployed to meet business needs, including key assumptions and trends. All financial plans are subject to scenario planning and sensitivity testing to ensure robustness.
- 1.4 A full risk appraisal is undertaken on all large scale capital projects, which gives a detailed record of all identified risks; this review is presented to the Board for a full discussion before formal approval is given by the Board.
- 1.5 Treasury Management includes the managing of all short and medium term cash flow requirements, withdrawing funds and managing assets' security. In protecting financial resources it is ensured that investment decisions are properly assessed and that appropriate financial returns are delivered.
- 1.6 Despite the current economic circumstances, the Association is well placed to meet the challenges ahead. Specifically, there is a robust long term financial model in place, which is based on prudent assumptions to maintain viability and to ensure all our financial covenants with lenders are achieved with sufficient head room built in as a contingency.

2 Reactive / Planned Maintenance

- 2.1 A key aim for the Association is to ensure that properties meet or exceed national standards. The 30 year planned maintenance programme and cash projections take account of investment in modernising and repairing houses, and in improving the social and physical nature of the community to protect and enhance the assets which underpin the Association's funding.

3 Asset Management

- 3.1 The Association continues to meet the guidance which indicates the level of standard that homes should meet under the "Scottish Housing Quality Standard" (SHQS). Currently, selective cyclical and planned maintenance programmes are being undertaken which includes renewals to boilers and kitchens, and cyclical painterwork.
- 3.2 There is a focus to ensure updated and relevant information is held on our planned maintenance database which is key to providing information as to when property components are due to be replaced.
- 3.3 The asset investment plan, cashflows and 30 year financial models are aligned for consistency in order to ensure that an adequate fundable plan is in place.

4 Future Business Growth

- 4.1 The Association currently has 475 properties across Fife.
- 4.2 The Association is continually looking into ways of increasing its housing stock and is in ongoing discussions with other organisations about new developments.
- 4.3 A full risk appraisal and feasibility study is undertaken on all large scale projects being presented to the Board for discussion and formal approval.

5 Governance Arrangements

- 5.1 The Association has completed its review of Governance arrangements to ensure compliance with best practice, and has recently confirmed as requiring a low level of engagement with the Scottish Housing Regulator.
- 5.2 Currently governance operates through the Board of Directors which consists of current / former tenants of the Association and other interested individuals.

6 Provision of Services

- 6.1 The Association currently employs 13 members of staff on a full and part time basis.
- 6.2 Looking towards the future, the Association will ensure that the services it provides continue to meet the needs of tenants, customers and the community.

Board of Directors and Chief Executive

The Board of Directors and Chief Executive of the Association are listed on page 1.

Each member of the Board of Directors holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and although not having the legal status of director, acts as an executive within the authority delegated by the Board.

Statement of the 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 Directors acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the 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 Directors 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. These policies and regulations are reviewed on a regular basis in accordance with a structured programme.
- (ii) Experienced and suitably qualified staff take responsibility for important business functions. Their development and performance are monitored through an annual appraisal system and regular one to one meetings

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- (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) Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- (v) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Directors.
- (vi) Together with the Audit Committee, the Board of Directors reviews reports from management and from 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.
- (vii) Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.
- (viii) An annual programme of performance and service review and improvement is approved by the Board with progress regularly reviewed.

The Board of Directors has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018 and also for the period up to the signing of this report. No significant control 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 are aware:

- (i) 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
- (ii) The Board has taken all 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, Findlays, have expressed their willingness to continue in office. A resolution to re-appoint the auditors will be proposed at the annual general meeting.

By order of the Board



Secretary

30 May 2018

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for the year ended 31st March 2018

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

We have audited the Financial Statements of Glen Housing Association Limited for the year ended 31 March 2018 which comprise the Statements of Comprehensive Income, Financial Position, Changes in Reserves, Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Scottish Housing Regulator's Determination of Accounting Requirements April 2014 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's 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 the Board and the Auditor

As explained more fully in the Statement of the Board's Responsibilities set out on pages 4 & 5 the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit 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 Directors 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.

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for the year ended 31st March 2018

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

Opinion on the Financial Statements

In our opinion the Financial Statements:

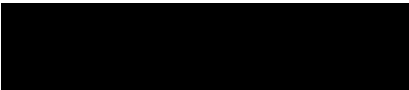
- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 1, the Housing (Scotland) Act 2010, and the Scottish Housing Regulator's Determination of Accounting Requirements 2014.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation; 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

We have nothing to report in respect of these matters.



Joan Williamson, CA (Senior Statutory Auditor)
For and on Behalf of Findlays,
Chartered Accountants and Statutory Auditor,
11 Dudhope Terrace
Dundee
DD3 6TS

Date: 30 May 2018

GLEN HOUSING ASSOCIATION LIMITED

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REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on pages 4 & 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator

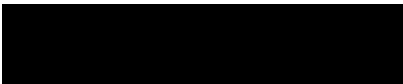
Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on pages 4 & 5 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Board of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board of Management's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Joan Williamson, CA (Senior Statutory Auditor)
For and on Behalf of Findlays,
Chartered Accountants and Statutory Auditor,
11 Dudhope Terrace
Dundee
DD3 6TS

Date: 30 May 2018

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2018 £	2017 £
Turnover	2	1,854,753	1,697,192
Operating expenditure	2	(1,650,079)	(1,481,993)
Other income		-	-
Operating surplus / (deficit)		204,674	215,199
Pension re-measurement	16	-	143,479
Finance income	7	11,327	6,029
Finance costs	8	(214,655)	(183,669)
HAG Income for Developments		1,766,289	1,117,728
Revaluation of housing properties		(300,875)	(892,463)
Surplus / (deficit) for the year		1,466,760	406,303
Actuarial gain / (loss) in respect of pension schemes	16	1,000	(5,000)
Total comprehensive income for the year		1,467,760	401,303

All amounts relate to continuing activities.

The notes on pages 13 to 35 form part of the Financial Statements

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STATEMENT OF FINANCIAL POSITION

	Notes	2018 £	2017 £
Fixed assets			
Tangible fixed assets	11, 12	14,160,802	12,212,947
		-----	-----
		14,160,802	12,212,947
		-----	-----
Current assets			
Trade and other debtors	13	78,990	74,271
Cash and cash equivalents		2,095,468	1,585,230
		-----	-----
		2,174,458	1,659,501
		-----	-----
Current liabilities			
Creditors: amounts falling due within one year	14	(387,691)	(208,776)
		-----	-----
Net current assets / (liabilities)		1,786,767	1,450,725
		-----	-----
Total assets less current liabilities		15,947,569	13,663,672
Creditors: amounts falling due after more than one year	15	(7,569,327)	(6,716,551)
Provisions for liabilities			
- Pension provision	16	(104,789)	(141,428)
		-----	-----
Total net assets		8,273,453	6,805,693
		=====	=====
Capital and reserves			
Share capital	17	57	57
Income and expenditure reserve	18	8,273,396	6,805,636
		-----	-----
		8,273,453	6,805,693
		=====	=====

The financial statements on pages 9 to 12 were approved by the Board of Directors on 30 May 2018 and were signed on its behalf by:

.....

Secretary
 Board member
 Board member

The notes on pages 13 to 35 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

	Share Capital	Income & Expenditure Reserve	Total
	£	£	£
At 1 April 2017	57	6,805,636	6,805,693
Surplus / (deficit) for the year	-	1,466,760	1,466,760
Remeasurement gain / (loss) on defined benefit pension plan	-	1,000	1,000
Revaluation of tangible fixed assets	-	-	-
	-----	-----	-----
Total comprehensive income	-	8,273,396	8,273,396
Share capital issued/cancelled	-	-	-
	-----	-----	-----
At 31 March 2018	57	8,273,396	8,273,396
	=====	=====	=====

STATEMENT OF CASH FLOWS

	Notes	2018 £	2017 £
Net cash generated from operating activities	25	793,132	666,993
Cash flow from investing activities			
Purchase of tangible fixed assets		(2,854,924)	(1,823,406)
Purchase of investments		-	-
Proceeds of sale of tangible fixed assets		-	-
Grants received		1,766,289	1,117,728
Grants repaid		-	-
Interest received		11,327	6,029
		-----	-----
		(1,077,308)	(699,649)
Cash flow from financing activities			
Proceeds from issue of shares		-	1
Proceeds from issue of new long-term loans		1,006,895	574,890
Repayment of long term loans		-	-
Repayment of finance lease liabilities		-	-
Interest paid		(212,481)	(176,672)
		-----	-----
Net cash flow from financing activities		794,414	398,219
		-----	-----
Net increase / (decrease) in cash and cash equivalents		510,238	365,563
Cash and cash equivalents at 1 April 2017		1,585,230	1,219,667
		-----	-----
Cash and cash equivalents at 31 March 2018		2,095,468	1,585,230
		=====	=====
Cash and cash equivalents consists of :			
Cash at bank and in hand		822,801	573,021
Short term deposits		1,272,667	1,012,209
		-----	-----
Cash and cash equivalents at 31 March 2018		2,095,468	1,585,230
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS

1. **Principal Accounting Policies**

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for social housing providers 2014 (SORP 2014) and the Scottish Housing Regulator's Determination of Accounting Requirements 2014.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of Accounting

Glen Housing Association Limited meets the definition of a public benefit entity under FRS 102.

Glen Housing Association Limited is a Registered Social Landlord, incorporated in Scotland within the United Kingdom. The address of the registered office is given in the Association information page of these financial statements.

The financial statements are presented in sterling which is the functional currency of the Association.

Turnover

Turnover represents rental and service charge income, fees, grants receivable and other income.

Mortgages

Mortgage loans are advanced by private lenders 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Tangible Fixed Assets

Tangible fixed assets (including social housing properties) are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost (or valuation), less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Land	Not depreciated
Housing Properties	80 years
Property plant and equipment	15 - 60 years
Fixtures and fittings	3 - 6 years
Motor vehicles	4 years

Housing properties under construction are not depreciated until they are in use.

Major components of housing properties, such as roofs, windows, bathrooms, kitchens and heating, have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives and are included in property plant and equipment.

The useful economic lives of all tangible fixed assets are reviewed annually.

Valuation movements for Housing Properties Held for Letting are allocated to land and structure in accordance with SORP 2014. The Board of Directors believe the valuation of all other components is reasonably equal to the depreciated historical costs (net of grants) of such components.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 Statement of Comprehensive Income.

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 costs 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 Statement of Comprehensive Income in the period in which it occurs.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other administrative expenses.

Housing Association Grants (HAG)

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards a capital cost, it is recognised as income using the performance model in accordance with the SORP 2014. Prior to satisfying the performance conditions such grants are held as deferred income on the Statement of Financial Position.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction, it is measured at present value.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is considered is at the cash generating unit (CGU) level. The Board of Directors believe that housing properties held for letting represent one CGU.

The key indicators of impairment considered are changes in demand, changes in use, economic performance worse than expected, significant decline in market value, plans to regenerate, demolish or replace existing components, higher than expected costs of development, and other changes in technology, market, economy and legislation.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income.

Provisions for liabilities

Pensions

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS). Retirement benefits for employees of the Association are funded by contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The scheme is in deficit and the Association has agreed to a deficit funding arrangement. This liability is recognised as the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Accruals and Deferred Income

Non- government grants in relation to capital expenditure are written off to the Statement of Comprehensive Income in the year in which they are receivable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Particulars of Turnover, Cost of Sales, Operating Costs & Operating Surplus

		2018		
		Turnover	Operating Costs	Operating Surplus/ (Deficit)
		£	£	£
Social Lettings	Note 3	1,821,421	(1,628,588)	192,833
Other activities	Note 4	33,332	(21,491)	11,841
		-----	-----	-----
Total		1,854,753	(1,650,079)	204,674
		=====	=====	=====

		2017		
		Turnover	Operating Costs	Operating Surplus/ (Deficit)
		£	£	£
Social Lettings	Note 3	1,670,775	(1,457,968)	212,807
Other activities	Note 4	26,417	(24,025)	2,392
		-----	-----	-----
Total		1,697,192	(1,481,993)	215,199
		=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Particulars Of Income & Expenditure From Social Letting Activities

	General Needs Housing £	Supported Housing £	Shared Ownership £	2018 Total £	2017 Total £
Income from Letting					
Rent Receivable net of Service Charges	1,749,312	-	-	1,749,312	1,604,339
Service Charges	46,196	-	-	46,196	43,854
	-----	-----	-----	-----	-----
Gross Income From Rents and Service Charges	1,795,508	-	-	1,795,508	1,648,193
LESS: Rent Losses from Voids	(4,814)	-	-	(4,814)	(2,196)
Net Income from rents and service charges	<u>1,790,694</u>	<u>-</u>	<u>-</u>	<u>1,790,694</u>	<u>1,645,997</u>
Government grants taken to income	30,727	-	-	30,727	24,778
Other revenue grants	-	-	-	-	-
Total Turnover from Letting Activities	<u>1,821,421</u>	<u>-</u>	<u>-</u>	<u>1,821,421</u>	<u>1,670,775</u>
Expenditure on Social Letting Activities					
Management	(447,158)	-	-	(447,158)	(435,272)
Services	(49,740)	-	-	(49,740)	(62,692)
Planned and Cyclical Maintenance	(135,425)	-	-	(135,425)	(57,725)
Reactive Maintenance:	(370,520)	-	-	(370,520)	(372,002)
Operating costs for social letting activities	(30,727)	-	-	(30,727)	(24,778)
Rent Losses from Bad Debts	(6,017)	-	-	(6,017)	3,888
Depreciation of affordable let properties	(589,001)	-	-	(589,001)	(509,387)
	-----	-----	-----	-----	-----
Total Operating Costs	<u>(1,628,588)</u>	<u>-</u>	<u>-</u>	<u>(1,628,588)</u>	<u>(1,457,968)</u>
Operating Surplus/(Deficit)	<u>192,833</u>	<u>-</u>	<u>-</u>	<u>192,833</u>	<u>212,807</u>
Operating Surplus/(Deficit) for previous period of account	=====	=====	=====	=====	=====

GLENE HOUSING ASSOCIATION LIMITED

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for the year ended 31st March 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Other Activities

	Grants from Scottish Ministers	Supporting People Income	Other Revenue Grants	Other Income	Total Turnover	Bad Debts	Other Operating Costs	2018 Operating Surplus/ (Deficit)	2017 Operating Surplus/ (Deficit)
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	(21,491)	(21,491)	(24,025)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency / management services for RSLs	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non RSLs	-	-	-	-	-	-	-	-	-
Shared equity sales	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	33,332	33,332	-	-	33,332	11,841
Total from other activities	-	-	-	33,332	33,332	-	(21,491)	11,841	2,392
Total from other activities for the previous period of account	-	-	-	26,417	26,417	-	(24,025)		

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Key Management Personnel Emoluments

As per the Scottish Housing Regulator's Determination of Accounting Requirements 2014, disclosure of key management personnel's emoluments exceeding £60,000 per annum is required.

	2018 £	2017 £
Aggregate emoluments payable to key management personnel with emoluments greater than £60,000		
Emoluments excluding employers pension	63,608	62,526
Employers pension contributions	12,570	11,814
	-----	-----
Total emoluments payable	76,178	74,340
	=====	=====

The emoluments payable to, or received by, the Director amount to :

Emoluments excluding employers pension	63,608	62,526
Employers pension contributions	6,565	6,067
Employers pension deficit contributions	6,005	5,747
	-----	-----
Total emoluments payable	76,178	74,340
	=====	=====

Payments to other organisations for the provision of Director's services

-	-
=====	=====

The emoluments of key management personnel (excluding pension contributions) were within the following ranges :-

£60,001 to £70,000	1	1
£71,001 to £80,000	-	-
£80,001 to £90,000	-	-
	-----	-----
	=====	=====

The key management personnel are ordinary members of the Association's pension scheme described in note 21. No enhanced or special terms apply to membership and they have no other pension arrangements to which the Association contributes. No emoluments were paid to any member of the Board during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Employee Information

	2018 No.	2017 No.
The average monthly number of full time equivalent persons employed during the year was:	13	12
	=====	=====

	2018 £	2017 £
Staff costs		
Wages and salaries	352,509	326,534
Social security cost	31,990	29,180
Pension costs (Note 21)	38,854	29,169
Pension deficit contributions	35,674	29,521
	-----	-----
	459,027	414,404
	=====	=====

7. Interest and other finance income

	2018 £	2017 £
Interest receivable and other income		
Bank Interest receivable	11,327	6,029
	-----	-----
	11,327	6,029
	=====	=====

8. Interest payable and similar charges

	2018 £	2017 £
Bank loans and overdrafts	212,481	176,672
Other loans	-	-
Finance charges payable under finance leases	-	-
	-----	-----
	212,481	176,672
	=====	=====

Other finance costs	2018	2017
Interest on defined benefit pension liability	2,174	6,997
	=====	=====

GLEN HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. **Surplus / (deficit) on ordinary activities**

Surplus / (deficit) on ordinary activities is stated after charging:-	2018	2017
	£	£
Depreciation of tangible fixed assets		
- housing properties (includes accelerated depreciation of £6,362 on component replacements)	582,639	509,487
- other fixed assets	17,193	19,434
Repairs: Cyclical, day to day	263,609	186,617
Operating lease rentals	7,800	7,800
External Auditors remuneration		
- in their capacity as auditors	8,000	8,000
External Auditors remuneration		
- in their capacity as non-auditors	-	1,568
	=====	=====

10. **Taxation**

The Association has been recognised by the HM Revenue and Customs as a charity for taxation purposes. Provided its income is derived from and applied to charitable purposes, no taxation liability arises.

GLEN HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Tangible Fixed Assets - Housing Properties

	Housing held for Letting £	Housing Properties in the Course of Construction £	Other Properties £	Total £
Valuation				
At 1 April 2017	11,759,238	47,658	-	11,806,896
Additions	2,831,091	-	-	2,831,091
Capitalised wages cost	21,889	-	-	21,889
Transfer to completed properties	47,658	(47,658)	-	-
Disposals	(34,747)	-	-	(34,747)
Revaluation	(855,129)	-	-	(855,129)
At 31 March 2018	13,770,000	-	-	13,770,000
Depreciation				
As at 1 April 2017	-	-	-	-
Adjustment for disposals	(28,607)	-	-	(28,607)
Charge for the year	582,861	-	-	582,861
Eliminated on revaluation	(554,254)	-	-	(554,254)
At 31 March 2018	-	-	-	-
Net Book Values				
As at 31 March 2018	13,770,000	-	-	13,770,000
As at 31 March 2017	11,759,238	47,658	-	11,806,896

Component replacement costs of £48,628 (2017 - £22,857) were capitalised during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 **Tangible Fixed Assets - Housing Properties**

72 housing properties held for letting were revalued in November 2016 by an independent external valuer, Jones Lang Lasalle, who carried out a further valuation in April 2018 on 403 properties. The valuation in the accounts combines both these valuations. The Directors feel based on the current valuation of a section of the housing stock there has been little movement in the value since 2016. The basis of the valuation was Existing Use Value – Social Housing. The properties held for letting were valued at £13,770,000.

The directors feel that the value at 31 March 2018 of the properties valued will not be materially different from the figure stated above.

Carrying Value

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

	<u>2018</u> £	<u>2017</u> £
Cost	32,430,954	29,565,064
Accumulated depreciation	(8,160,324)	(7,370,942)
	-----	-----
Net book value at 31 March 2018	£ 24,270,630	£ 22,194,122
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Tangible fixed assets - other

	Leasehold improvements	Office Premises	Motor Vehicles	Fixtures & Fittings	Total
Cost	£	£	£	£	£
At 1 April 2017	20,176	466,065	45,126	67,251	598,618
Additions	-	-	-	1,945	1,945
Disposals	-	-	-	-	-
As at 31 March 2018	20,176	466,065	45,126	69,126	600,563
Depreciation					
At 1 April 2017	19,636	77,318	34,168	61,446	192,568
Charge for year	123	9,440	3,880	3,750	17,193
Disposals	-	-	-	-	-
As at 31 March 2018	19,759	86,758	38,048	65,196	209,761
Net Book Value					
At 31 March 2018	417	379,307	7,078	4,000	390,802
At 31 March 2017	540	388,747	10,958	5,805	406,051

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REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Trade and other debtors

	2018 £	2017 £
Trade debtors (gross social housing rent arrears)	25,205	22,721
Less : provision for doubtful debt	(9,504)	(7,907)
Other debtors	7,524	5,652
Prepayments and accrued income	55,765	53,805
	-----	-----
	78,990	74,271
	=====	=====

14. Creditors : amounts falling due within one year

	2018 £	2017 £
Amounts falling due within one year:		
Bank loans and overdrafts	172,178	18,059
Rents paid in advance	76,634	69,222
Other tax and social security	9,510	8,318
Pension past service deficit	36,711	34,572
Other creditors	44,793	37,486
Accruals and deferred income	47,865	41,119
	-----	-----
	387,691	208,776
	=====	=====

The amounts secured are £172,178 (2017 - £18,059).

15. Creditors : amounts falling due after more than one year

	2018 £	2017 £
Bank loans and overdrafts	7,569,327	6,716,551
	-----	-----
	7,569,327	6,716,551
	=====	=====

The amounts secured are £7,569,327 (2017 - £6,716,551).

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

Loan Repayment	2018 £	2017 £
Within one year	172,178	18,059
Between one and two years	153,951	275,911
Between two and five years	486,267	884,443
In five years or more	6,929,109	5,556,197
	-----	-----
	7,741,505	6,734,610
	=====	=====

16 Provisions for liabilities – pension provision

	2018 £	2017 £
Provision at 1 April 2017	176,000	337,000
Unwinding of discount factor (interest expense)	2,174	7,000
Deficit contribution paid	(35,674)	(29,521)
Remeasurements – impact of any change in assumptions	(1,000)	5,000
Remeasurements – amendments to the contribution schedule	-	(143,479)
	-----	-----
Provision at 31 March 2018	141,500	176,000
	=====	=====
Due within one year	36,711	34,572
Due after more than one year	104,789	141,428
	-----	-----
	141,500	176,000
	=====	=====

GLEN HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. **Share capital**

	2018	2017
	No.	No.
At 1 April 2017	57	56
Issued during the year	4	1
Cancelled during the year	(4)	(-)
	<u>57</u>	<u>(-)</u>
At 31 March 2018	<u>57</u>	<u>57</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

18. **Reserves**

Income and expenditure reserve

The income and expenditure reserve represents cumulative surplus and deficits net of other adjustments.

GLEN HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st March 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. **Capital Commitments**

	2018 £	2017 £
Capital expenditure that has been approved for but has not been provided for in the financial statements including		
- Cyclical maintenance	159,033	-
- Construction	-	1,007,811
	=====	=====

The amount contracted for at 31 March 2018 will be funded by the proposed financing:

	2018 £	2017 £
HAG	-	-
Agreed overdraft	-	-
Agreed private loans	-	1,007,811
Other grants	-	-
Existing cash reserves	159,033	-
	-----	-----
	159,033	1,007,811
	=====	=====

20. Related party transactions

Information about related party transactions and outstanding balances is outlined below:

Four members of the Board of Directors are also tenants of the Association. The tenancies are on the same terms as for other tenants and no advantage can be gained from the position.

During the financial year, Directors were charged rent totalling £15,247 (2017 - £15,030). As at 31 March 2018 the amount of £1,035 (2017 – £919) had been overpaid and was due from the Association to the tenants.

Where members of the Board of Directors are also councillors or employees of related local authorities, there are no transactions to disclose that were not made at arm's length or not made under the normal commercial terms.

No Board members received remuneration however members of the Board of Directors were reimbursed for out of pocket expenses amounting to £1,475 (2017 - £1,377).

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. **Retirement Benefits**

The Association participates in the Scottish Housing Associations' Pension Scheme (the "scheme"), a multi-employer scheme which provides benefits to some 155 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a "last-man standing arrangement". Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows :

Deficit contributions

From 1 April to 30 September 2027 : £25,735,092 per annum
(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Reconciliation of the Association's opening and closing provisions is provided at note 16.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Retirement Benefits (continued)

Present values of the Association's provision

	2018 £	2017 £
Present value of provision	147,326	176,000
	=====	=====

Assumptions

Rate of discount - % per annum	1.06%	1.06%
--------------------------------	-------	-------

The discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Statement of comprehensive income impact

	2018 £	2017 £
Interest expense	2,174	7,000
Remeasurements – impact of any changes in assumptions	(1,000)	5,000
Remeasurements – amendments to the contribution schedule	-	(143,479)
Contributions in respect of future service	-	-
	-----	-----
Costs recognised in statement of comprehensive income	1,174	(131,479)
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. **Legislative Provisions**

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

23. **Housing Stock**

The number of units of accommodation in management at the year end was:-

	2018	2017
	No.	No.
General needs	475	452
	-----	-----
	475	452
	=====	=====

24. **Commitments Under Operating Leases**

Total future minimum lease payments under non-cancellable operating leases are as follows :

Land and Buildings	2018	2017
	£	£
<u>Expiry Date</u>		
Within 1 year	7,800	7,800
Between 2-5 years	1,950	9,750
Over 5 years	-	-
	=====	=====

25. Cash flow from operating activities	2018	2017
	£	£
Surplus / (deficit) for the year	204,674	215,199
Depreciation and impairment of tangible fixed assets	606,194	528,921
Proceeds of sale of tangible fixed assets	-	-
Carrying amount of tangible fixed asset disposals	-	-
(Increase) / decrease in stock	-	-
(Increase) / decrease in trade and other debtors	(4,719)	13,022
Increase / (decrease) in trade and other creditors	(13,017)	(90,149)
Receipt of donated land / assets	-	-
Government grants utilised in the year	-	-
	-----	-----
Net cash flow from operating activities	793,132	666,993
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Contingent Liabilities

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2017. The estimated employer debt for the Association was £1,394,805. The Association has no intentions of withdrawing from the scheme and consequently no provision has been made in the financial statements.

As the Association adopts a policy of holding its housing properties at valuation, government grants are written off to the statement of comprehensive income, using the performance model, in the year in which the conditions of the grant are met. In the case of housing properties, grant conditions are considered to be fully met on completion of the development. Government grants of £21,802,455 have been accounted for under the performance model. Should the Association dispose of property in the future, this could give rise to a relevant event for the purposes of repayment or recycling such grant.