

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**Registered Housing Association No. 2402 R(S)**

**Financial Services Authority No. HCB 241**

**Charity No. SC034301**

**BAKER TILLY UK AUDIT LLP**  
**Chartered Accountants**

## **GLEN OAKS HOUSING ASSOCIATION LIMITED**

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### **REGISTRATION PARTICULARS:**

Financial Services Authority	Industrial & Provident Schemes Act 1965 Registered Number: 2402 R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number: HCB241
Scottish Charities	Charity and Trustee Investment (Scotland) Act 2005 Recognised Scottish Charity Number SC 034301

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**MANAGEMENT COMMITTEE**

Mrs Pat McGinlay MBE	Vice-Chair
Mr William McNamara	
Mrs Marion Lovely	Secretary
Mrs Helen Gracie	
Mrs Moira Macdonald	
Mrs Marisa Mundt	Treasurer
Mrs Sarah Robb (resigned 24 June 09)	
Mr Neil Elliot (resigned 22 September 2010)	Chairperson
Mr I McLellan	
Mrs Connie Campbell	
Mr R Mundt (resigned 24 February 2010)	
Mrs Alison Loudon (resigned 8 December 2009)	
Mr B Barnes (resigned 23 September 2009)	
Ms E McShane	
Ms L Christie (resigned 20 January 2010 )	
Ms K Barker	
Mrs K Carroll	

**EXECUTIVE OFFICERS**

Alasdair McKee	Chief Executive
Nicola Logan	Finance Director
Donald Weir	Technical Director
Jean Murray	Housing Services Director

**REGISTERED OFFICE**

3 Kilmuir Drive  
Arden  
Glasgow  
G46 8BW

**AUDITORS**

Baker Tilly UK Audit LLP  
Chartered Accountants  
Registered Auditor  
Breckenridge House  
274 Sauchiehall Street  
Glasgow  
G2 3EH

**BANKERS**

The Royal Bank of Scotland  
Fenwick Road  
Glasgow  
G46 6XB

**SOLICITORS**

TC Young  
7 West George Street  
Glasgow  
G2 1BA

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

The Management Committee presents its Report and the Financial Statements for the year ended 31 March 2010.

**Principal Activities**

The principal activities of the Association are the provision of rented accommodation and the development of low cost home ownership schemes.

The Association is registered with the Financial Services Authority as a Friendly Association, The Office of the Scottish Charities Regulator (OSCR) as a charity and Scottish Housing Regulator as a Registered Social Landlord.

The table below shows the property we own and manage on behalf of others

	2010	2009
<b>Managed Property Numbers</b>		
Tenanted Property	1207	1,246
Managed on behalf of others	928	1,044
Shared Ownership Properties	46	46
<b>Total</b>	<b>2,181</b>	<b>2,336</b>
<b>Developing Property Numbers</b>		
Tenanted Property	-	9
Shared Ownership Properties	-	-
Homestake	-	-

**Financial Review**

The Association made a surplus of £774,160 (2009 £576,209). The Association is progressing with the redevelopment of Arden and continues to explore opportunities for further expansion of its housing provision, wider action and community development activities.

The financial results are as follows

	2010	2009
	£	£
Surplus for the year	774,160	576,209
Transfer (to) designated reserves – major repairs	-	(70,076)
Transfer from designated reserves – Cyclical maintenance	-	15,600
<b>Retained Reserves</b>	<b>774,160</b>	<b>521,733</b>

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**Business Review**

**Our Strategic Aims**

Glen Oaks has as its strategic aims:

- Dedication to offering housing solutions and routes in to social inclusion by building, managing and maintaining a range of affordable housing, and accessing support for varying needs
- Contributing to community sustainability and regeneration, through innovation and relationships built on trust with our customers and partners
- Ensure we are an employer of choice, and that we deliver quality service and standards throughout our activities including customer involvement
- Ensure the Association is financially and operationally viable
- Respect for diversity, and ensuring accountability, openness and integrity.
- Ensure that all activities comply with good governance.

Our vision is one of diverse communities in which people can expand their opportunities, exercise choice and maximise their potential. To help achieve this, we want to help to drive innovation and quality in accessible housing and support in Scotland. Some of the main objectives which we think can help this aim include

- Achieving continuous improvement in all the services we deliver, and achieving and maintaining high standards of business efficiency and effectiveness
- Creating opportunities for significant levels of user involvement in what we do
- Being recognised by regulators and strategic partners as delivering excellent performance

We see these as challenging objectives, which will change the way we deliver our core services of housing, accessing housing support services, advice and consultancy. In particular, we seek to challenge what we currently do and look to improve, rather than simply carry on with existing patterns of work.

**Operational Review**

**1 Corporate Governance**

Glen Oaks has a Management Committee that is elected by the members of the Association. It is the responsibility of the Committee to undertake the Strategy, setting of policy and overall direction for the Association. They also monitor the operational activities of the Association. The members of the Committee of Management are unpaid.

The Executive team of Glen Oaks (as listed on page 1) are responsible for achieving the strategy set, undertaking the operational activities in line with policies set.

Our governing body is our Committee of Management, which is responsible to the wider membership. Committee of Management members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**2 Corporate Issues**

Tenant involvement and participation is extremely important to Glen Oaks, We have three Local Area Committees which have been established for a number of years. These Committees are consulted in a number of areas including policy development. We also meet regularly with an established Tenants Association and have provided support in the form of training and regular monthly meetings

The Association is committed to involving staff in decision-making and policy making. We have two staff review days each year and bi-monthly sessions where the whole staff team meets.

We also have an established Staff forum whose remit is to make the workplace better by representing the views of all staff.

**Performance Management**

The Association operates a robust performance management system based on the annual internal management plan. The objectives contained within this document flow through the entire organisation and are reflected in the individual staff members development reviews. From this a training need assessment is carried out and the appropriate training programme prepared for the year. We also involve our Committee members in a skills and training review.

The Association monitors and reviews performance in a number of ways. Each month Key Performance Indicators are reported to Management Committee, this allows trends to be detected and early action to be taken when required.

Glen Oaks is also a member of a benchmarking group where performance comparisons are reviewed and discussed in detail.

**Best use of resources**

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have updated stock condition information, to ensure that our long-term financial planning reflects our future investment requirements. We are currently in discussions with Glasgow City Council and Scottish Government in a bid to secure funding to progress the strategy for the regeneration of Arden.

**Services**

The Association aims to provide an excellent service to our tenants. Our Gold service scheme has been in place for a number of years and has been well received by tenants. The scheme provides benefits to those tenants that keep to the conditions of their tenancy agreement. In this current year we provided Bonus Bonds and organised various competitions.

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**3 Development Issues**

During the year the Association completed the development of the Care home and 8 flats. We also demolished 46 unimproved properties.

**4 Housing Issues**

Many key housing service areas were reviewed and developed throughout the year. We saw an improvement in many of our key performance indicators including rent arrears and void re-let times.

**5 Communities Issues**

The Association continued to work closely with many partner organisations in order to develop and improve services to the local communities.

**6 Property Maintenance**

The Second phase of a major refurbishment contract in Arden started during the year. The work involved applying insulated render and replacement windows.

**7 Finance and IT Issues**

The Association continues to invest in the development of our IT framework. This year we continued the development of our housing management software .

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**8 Other Areas**

**Risk Management Policy**

The Committee have, with advice from their auditors, introduced a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee have reviewed the adequacy of the Association's current internal controls.

In addition, the Committee have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although this is not mandatory for the Association it should, as a public interest body, adopt these guidelines as best practice. Accordingly they have set policies on internal controls which cover the following:

- Consideration of the type of risks the Association faces;
- The level of risks which they regard as acceptable;
- The likelihood of the risks concerned materialising;
- The Association's ability to reduce the incidence and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit obtained.
- Clarified the responsibility of management to implement the trustees' policies and identify and to evaluate risks for their consideration.
- Communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.
- Embedded the control system in the charity's operations so that it becomes part of the culture of the Association.
- Developed systems to respond quickly to evolving risks arising from factors within the charity and to changes in the external environment.
- Included procedures for reporting failings immediately to appropriate levels of management and the Committee together with details of corrective action being undertaken.

**Volunteers**

The Association is grateful for the unstinting efforts of volunteers who are involved in the Management Committee.

**Credit Payment Policy**

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

**Rental Income**

The Association maintained its ten year commitment with a rent increase of RPI + 1%. This increase was also applied to our properties in Damley and Pollok. We have started the review of our rent structure and we will carry out a consultation exercise in the coming year.



**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**Budgetary process**

Each year the Committee of Management approves the annual budget. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management

**Treasury management**

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2010, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

**Quality and Integrity of Personnel**

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Chief Executive.

**Sales of Housing Properties**

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements

**Employee Involvement and Health and Safety**

The Association encourages employee involvement in all major initiatives and maintaining Health & Safety standards in all areas.

**Disabled Employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

**Committee and officers Insurance**

Glen Oaks has purchased and maintains insurance to cover its Committee and officers against liabilities in relation to their duties on behalf of Glen Oaks, as authorised by the Association's rules.

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**Future Developments**

The Association will continue with its policy of improving the quality of housing and housing services within its area of activity working with its existing and new partners.

**Committee of Management**

The Management Committee during the year to 31 March 2010 was as follows

Mr Neil Elliot	Chairperson		1,2,3,4
Mrs Helen Gracie			
Mrs Marisa Mundt	Treasurer		1,2,3
Mrs Pat McGinlay MBE	Vice Chairperson		1,3
Mrs Marion Lovely	Secretary		1,3
Mrs Moira MacDonald			1
Mr I McLellan			1,2,4
Mr William McNamara			4,2
Mrs Connie Campbell			2
Ms K Barker			
Ms E McShane			
Ms K Carroll			
Sub-Committee membership	1	Staffing Sub Committee	
	2	Audit Sub Committee	
	3	Complaints-Sub Committee	
	4	Health & Safety Sub Committee	

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association

**Executive Officers**

The Executive officers during the year to 31 March 2010 were as follows

Alasdair McKee	Chief Executive
Nicola Logan	Finance Director
Clive Douglas	Technical Director
Jean Murray	Housing Services Director

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**Information for Auditors**

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

**External Auditors**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

**By order of the Management Committee**

Secretary: *Marcin Larely*

Date: *22.9.10*

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 MARCH 2010**

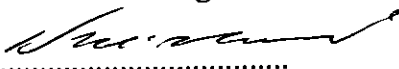
Statute requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is 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 the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Committee confirms that the Financial Statements comply with the above requirements.

By order of the Committee of Management



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Date: 22.9.10.....

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**COMMITTEE OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS  
FOR THE YEAR ENDED 31 MARCH 2010**

The Committee of Management acknowledges its ultimate responsibility for ensuring that the Association has a system of controls in place that is appropriate for the various business environments in which it operates.

These controls are designed to give reasonable assurance with respect to:

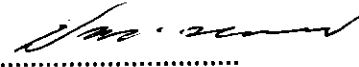
- The reliability of financial information used within the Association for publication
- The maintenance of proper accounting records
- The safeguarding of assets against unauthorised use or disposition.

It is the Committee 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 misstatement or loss. Key elements include ensuring that:

- 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;
- Experienced and suitably qualified staff take responsibility for important business functions, and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared regularly, which allow the Committee of Management and staff to monitor the key business risks and objectives, and progress towards financial plans set for the year, medium and long term; regular management accounts are prepared timeously, providing relevant, reliable and up to date financial and other information and significant variances from the budget are investigated where appropriate;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures;
- The Committee of Management reviews reports from the Chief Executive, staff and the internal and external auditors to provide reasonable assurance that control procedures are in place and being followed;
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2009 and until the below date. No weaknesses were found in internal financial controls, which could result in material losses, contingencies, or uncertainties, which require disclosure in the financial statements, or in the auditors' report on the financial statements.

By order of the Committee of Management

  
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Date: 22.9.10.....

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS**

**Corporate Governance**

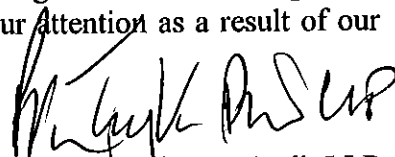
In addition to our audit of the Financial Statements, we have reviewed your Statement on page 11 concerning the Association's compliance with the paragraphs of the Code of Audit Practice specified for our review by Communities Scotland. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

**Basis of Opinion**

We carried out a review having regard to Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin 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 system of internal financial control or its corporate governance procedures.

**Opinion**

In our opinion, your Statement on Internal Financial Control on page 11 has provided the disclosures required by the Code of Audit Practice (as supplemented by the related guidance for Management Committees) and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.



Baker Tilly UK Audit LLP  
Registered Auditors  
Chartered Accountants  
Glasgow

Date: 28.9.10.....

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## GLEN OAKS HOUSING ASSOCIATION LIMITED

We have audited the financial statements on pages 14 to 31, which have been prepared under the accounting policies set out on pages 17 to 20.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept 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 opinion we have formed.

### Respective responsibilities of committee and auditors

As described on page 10 the Association's Committee of Management is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Housing (Scotland) Act 2001 and the Registered Housing Associations (Accounting Requirements)(Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee Report is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by laws regarding directors' remuneration and other transactions with the company is not disclosed.

We read the Management Committee Report and consider the implications for our report if we become aware of any apparent misstatements within it.

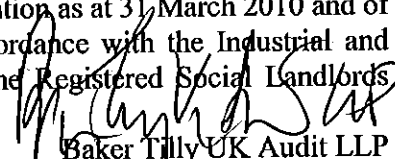
### Basis of opinion

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

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

### Opinion

In our opinion, the financial statements give a true and fair view, in accordance with United Kingdom Generally Acceptance Accounting Practice, of the state of affairs of the Association as at 31 March 2010 and of its surplus for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 2002, Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

  
Baker Tilly UK Audit LLP  
Registered Auditors  
Chartered Accountants

Date: ...24.5.10.....

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	2009 £
Turnover	2	4,150,211	3,952,786
Operating Costs	2	<u>(2,879,225)</u>	<u>(2,826,961)</u>
Operating Surplus		1,270,986	1,125,825
(Loss)/ Profit on Sale of Assets		(268,090)	32,966
Interest Receivable and Other Income		9,738	88,655
Interest Payable and Other Charges	4	<u>(238,474)</u>	<u>(671,237)</u>
Surplus on Ordinary Activities Before Taxation		774,160	576,209
Corporation Tax on Surplus on Ordinary Activities	5	-	-
Surplus for the year	14	<u>774,160</u>	<u>576,209</u>

All amounts relate to continuing activities.

All recognised surpluses and deficits have been included in the Income and Expenditure Account.



**GLEN OAKS HOUSING ASSOCIATION LIMITED**

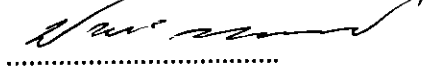
**BALANCE SHEET**

**AS AT MARCH 2010**

	Notes	2010		2009	
		£	£	£	£
<b>TANGIBLE FIXED ASSETS</b>					
Housing properties – gross cost less depreciation	9		43,096,146		41,297,216
<b>Less:</b>					
Housing Association Grant	9	(25,316,572)		(24,754,595)	
Other Grants	9	(250,203)		(250,203)	
			<u>(25,566,775)</u>		<u>(25,004,798)</u>
			17,529,371		16,292,418
Other	9		369,577		185,746
			<u>17,898,948</u>		<u>16,478,164</u>
<b>CURRENT ASSETS</b>					
Debtors	10	665,762		438,504	
Cash in bank and on hand		1,100,497		1,895,228	
		<u>1,766,259</u>		<u>2,333,732</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	11	(1,739,989)		(2,005,331)	
<b>NET CURRENT ASSETS</b>			<u>26,270</u>		<u>328,401</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>17,925,218</u>		<u>16,806,565</u>
<b>CREDITORS</b>					
Amounts falling due after one year	12		(11,663,929)		(11,319,463)
<b>NET ASSETS</b>			<u>6,261,289</u>		<u>5,487,102</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	13		232		205
Designated reserves	14		1,246,577		1,246,577
Revenue reserve	14		5,014,480		4,240,320
			<u>6,261,289</u>		<u>5,487,102</u>

These financial statements were approved by the Committee of Management on 22.9.10 and authorised for issue on 22.9.10 and signed on their behalf by:

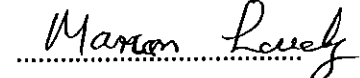
Committee Member



Treasurer



Secretary



**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010	2009
		£	£
<b>Reconciliation of Operating Surplus to Net Cash inflow from Operating Activities</b>			
Operating surplus		1,270,986	1,125,825
Depreciation Charges		138,716	105,532
(Increase)/Decrease in Debtors		(227,258)	38,210
(Decrease)/ Increase in Creditors		(85,876)	218,212
		<u>1,096,568</u>	<u>1,487,779</u>
<b>Net Cash Inflow from Operating Activities</b>		1,096,568	1,487,779
<b>Returns on Investments and Servicing of Finance</b>	16a	(228,736)	(582,582)
<b>Capital expenditure</b>	16b	(1,827,590)	(1,933,166)
		<u>(959,758)</u>	<u>(1,027,969)</u>
<b>Management of Liquid Resources</b>	16c		
<b>Financing</b>	16d	165,027	(427,828)
<b>Increase/(Decrease) in Cash</b>		<u>(794,731)</u>	<u>(1,455,797)</u>
<b>Reconciliation of Net Cash Flow to Movement in Net Debt (Note 16e)</b>			
<b>(Decrease) in Cash in the period</b>		(794,731)	(1,455,797)
Cash used to increase Liquid Resources			
Movement in loans		(165,000)	427,834
<b>Change in Net Debt</b>		(959,731)	(1,027,963)
<b>Net Debt as 1<sup>st</sup> April 2009</b>		<u>(9,809,308)</u>	<u>(8,781,345)</u>
<b>Net Debt at 31<sup>st</sup> March 2010</b>		<u>(10,769,039)</u>	<u>(9,809,308)</u>

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies of the Association are set out below. The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authority. The accounts have been prepared under the historical cost convention, and in compliance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and The Statement of Recommended Practice (SORP), "Accounting by Registered Social Landlords" and relevant accounting standards.

**Change in Accounting Policies**

Accounting policies for turnover, sale of properties and property development cost represent a change in accounting policy, following the implementation of the Statement of Recommended Practice, Accounting by Registered Social Landlords, 2008. The previous treatment was to credit the first tranche sale of shared ownership properties against the cost. The impact of this change in accounting policies on prior year reported figures is immaterial and no prior year adjustment has been necessary in respect of this change in accounting policy.

**Turnover**

Turnover represents rental, service and management charges from properties, agency fees, revenue based grants receivable from the Scottish Ministers, first tranche sales of shared ownership properties and sales of shared equity properties.

**Value added tax**

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

**Change in Accounting Policies**

Accounting policies for turnover, sale of properties and property development cost represent a change in accounting policy, following the implementation of the Statement of Recommended Practice, Accounting by Registered Social Landlords, 2008. The previous treatment was to credit the first tranche sale of shared ownership properties against the cost. The impact of this change in accounting policies on prior year reported figures is immaterial and no prior year adjustment has been necessary in respect of this change in accounting policy.

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**Housing Properties**

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the Statement of Recommended Practice.

Disposals under shared equity schemes are accounted for in the income and expenditure account. The remaining equity in properties sold before 1 April 2008 is treated as a fixed asset investment, which is matched with the grant received. For properties sold after 1 April 2008 the standard security over the remaining equity lies with the Scottish Government and is therefore not reflected in the Association's balance sheet.

**Valuation of Fixed Assets**

Housing properties are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful life of the properties at an annual rate of 2%. No depreciation is charged on the cost of land. Depreciation is charged in the first full year.

**Other Fixed Assets**

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates: -

Care Homes	- 2% per annum
Office Premises	- 2% per annum
Furniture and Equipment	- 25% per annum
Motor Vehicles	- 25% per annum

**Social Housing Grant and Other Grants**

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**Capitalisation of Interest**

Interest incurred on financing a development is capitalised up to the date of completion of the scheme.

**Impairment of Fixed Assets**

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

**Improvements**

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

**Development Administration Costs**

Development administration costs relating to development activities are capitalised based on an apportionment of the staff time spent on this activity.

**Cyclical and Major Repairs**

The costs of cyclical and major repairs are charged to the Income and Expenditure Account in the year in which they are incurred and an equivalent transfer is made from the designated reserve

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**FOR THE YEAR ENDED 31 MARCH 2010**

**Designated Reserves**

The Association has designated part of its reserves to meet its long-term obligations.

- The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.
- The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

**Leased Assets**

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight-line basis over the lease term.

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

**Pension Costs**

The Association participates in The Pensions Trust Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees of 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.

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**2. Particulars of turnover, operating costs, operating surplus/(deficit)**

	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Operating Surplus/ (Deficit) 2009
	£	£	£	£
<b>Social lettings</b>	3,938,715	(2,564,221)	1,374,494	1,291,414
<b>Other activities</b>	211,496	(315,004)	(103,508)	(165,589)
<b>TOTAL</b>	<u>4,150,211</u>	<u>(2,879,225)</u>	<u>1,270,986</u>	<u>1,125,825</u>
<b>Total for previous period of account</b>	<u>3,952,786</u>	<u>(2,826,961)</u>	<u>1,125,825</u>	

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**3a. Particulars of Income and Expenditure From Lettings**

	General Needs Housing £	Shared Ownership £	2010 Total £	2009 Total £
<b>Income from social lettings</b>				
Rent receivable net of service charges	3,742,118	86,470	3,828,588	3,697,830
Service charges	151,452	502	151,954	160,871
<b>Gross income from rents net of service charges</b>	<u>3,893,570</u>	<u>86,972</u>	<u>3,980,542</u>	<u>3,858,701</u>
<b>Less: Rent Losses from Voids</b>	<u>(41,827)</u>	<u>-</u>	<u>(41,827)</u>	<u>(127,819)</u>
	3,851,743	86,972	3,938,715	3,730,882
Grants from Scottish ministers				-
Other revenue grants				-
<b>Total Income from social letting</b>	<u>3,851,743</u>	<u>86,972</u>	<u>3,938,715</u>	<u>3,730,882</u>
<b>Expenditure on Social Letting Activities</b>				
Service costs	145,209	-	145,209	122,337
Management and maintenance administration costs	1,340,507	19,350	1,359,857	1,329,030
Reactive Maintenance	619,642	-	619,642	632,768
Planned and Cyclical Maintenance including major repairs	274,504	-	274,504	194,130
Bad Debts – rents and service charges	54,130	-	54,130	84,478
Depreciation of social housing	110,879	-	110,879	76,725
<b>Operating costs for social letting</b>	<u>2,544,871</u>	<u>19,350</u>	<u>2,564,221</u>	<u>2,439,468</u>
<b>Operating Surplus for social lettings</b>	<u>1,306,872</u>	<u>67,622</u>	<u>1,374,494</u>	<u>1,291,414</u>
<b>2009</b>	<u>1,233,711</u>	<u>57,703</u>	<u>1,291,414</u>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £ Nil (2009: £ Nil).

The total amount of major repairs expenditure incurred in the year was £64,322 (2009: £70,488). No major repairs were capitalised (2009: nil).



**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**FOR THE YEAR ENDED 31 MARCH 2010**

**3b Particulars of turnover, operating costs and operating surplus or deficit from other activities**

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	2009
	£	£	£	£	£	£	£	£	£
Wider action/wider role		7,074	-	-	7,074	-	(57,489)	(50,415)	(51,248)
Care and Repair		-	-	-	-	-	-	-	-
Factoring		-	-	25,741	25,741	-	(7,551)	18,190	24,940
Development activities		-	-	-	-	-	-	-	(45,066)
Support Activities		-	-	18,371	18,371	-	-	18,371	-
Care activities		-	-	-	-	-	-	-	-
Agency/management services for registered social landlords		-	-	155,836	155,836	-	(179,525)	(23,689)	(18,080)
Other agency/management service		-	-	-	-	-	-	-	-
Developments and improvements for sale, (inc first tranche shared ownership sales to non registered social landlords)		-	-	-	-	-	-	-	-
Other activities		-	-	4,474	4,474	-	(70,439)	(65,965)	(76,135)
<b>Total from other activities</b>	<b>7,074</b>	<b>204,422</b>	<b>211,496</b>	<b>211,496</b>	<b>211,496</b>	<b>-</b>	<b>(315,004)</b>	<b>(103,508)</b>	<b>(165,589)</b>
<b>2009</b>	<b>31,654</b>	<b>190,250</b>	<b>221,904</b>	<b>221,904</b>	<b>221,904</b>	<b>-</b>	<b>(387,493)</b>	<b>(165,589)</b>	

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**FOR THE YEAR ENDED 31 MARCH 2010**

	2010	2009
	£	£
<b>4 INTEREST PAYABLE</b>		
On Private Loans	238,474	671,237
Less: Capitalised	-	-
Charged to Income and Expenditure Account	<u>238,474</u>	<u>671,237</u>

**5 CORPORATION TAX**

The Association is a registered charity, and so is not liable to Corporation Tax on its ordinary activities

**6 DIRECTORS' EMOLUMENTS**

The Directors are defined as the members of the Committee of Management, the Executive Officers and any other person reporting directly to the Executive Officers or the Management Committee whose total emoluments excluding pension contributions exceed £60,000 per year.

	£	£
Aggregate Emoluments payable to Directors (excluding Pension Contributions but including Benefits in Kind)	<u>69,842</u>	<u>68,077</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>69,842</u>	<u>68,077</u>
Total Emoluments (including Pension Contributions and benefits in kind)	<u>80,109</u>	<u>77,945</u>

The Associations pension contributions for the Chief Executive in the year amounted to £10,267 (2009: £9,869).

During the current year, no other Director received emoluments, excluding pension contributions but including benefits in kind, greater than £60,000.

	£	£
Total Expenses Reimbursed in so far as not chargeable to UK Income Tax	<u>644</u>	<u>3,136</u>

The Association is managed by a voluntary management committee, who act as directors of the Association. No emoluments have been paid to any member of the Management Committee during the year.

	2010	2009
	£	£
<b>7 EMPLOYEES</b>		
Salaries	984,692	984,347
Social Security Costs	81,694	77,345
Pension Costs	106,996	105,002
	<u>1,173,382</u>	<u>1,166,694</u>
	<b>Number</b>	<b>Number</b>
Full time equivalent number of employees	<u>33</u>	<u>32</u>

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**FOR THE YEAR ENDED 31 MARCH 2010**

	£	£
<b>8 AUDITORS' REMUNERATION</b>		
For audit services (including VAT & expenses)	<u>9,305</u>	<u>9,165</u>
For other services (including VAT & expenses)	<u>-</u>	<u>-</u>

**9 TANGIBLE FIXED ASSETS**

**a) Housing properties**

	Housing properties held for lettings £	Care Home £	Housing properties in the course of construction £	Shared ownership housing properties £	Total £
<b>Cost</b>					
As at 1 April 2009	38,391,663	-	1,886,778	1,744,513	42,022,954
Additions	1,904,294	-	310,312	-	2,214,606
Schemes Completed	659,159	1,130,437	(1,789,596)	-	-
Disposals	(304,797)	-	-	-	(304,797)
As at 31 March 2010	<u>40,650,319</u>	<u>1,130,437</u>	<u>407,494</u>	<u>1,744,513</u>	<u>43,932,763</u>
<b>Social Housing Grants</b>					
As at 1 April 2009	22,028,243	-	1,450,975	1,275,377	24,754,595
Additions	210,243	-	351,734	-	561,977
Schemes Completed	573,470	877,507	(1,450,977)	-	-
Disposals	-	-	-	-	-
As at 31 March 2010	<u>22,811,956</u>	<u>877,507</u>	<u>351,732</u>	<u>1,275,377</u>	<u>25,316,572</u>
<b>Other grants</b>					
As at 1 April 2009	250,203	-	-	-	250,203
Additions	-	-	-	-	-
Schemes Completed	-	-	-	-	-
Disposals	-	-	-	-	-
As at 31 March 2010	<u>250,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,203</u>
<b>Depreciation</b>					
As at 1 April 2009	696,900	-	-	28,838	725,738
Charge for year	110,879	-	-	-	110,879
On Disposals	-	-	-	-	-
As at 31 March 2010	<u>807,779</u>	<u>-</u>	<u>-</u>	<u>28,838</u>	<u>836,617</u>
<b>Net book values</b>					
As at 31 March 2010	<u>16,780,381</u>	<u>252,930</u>	<u>55,762</u>	<u>440,298</u>	<u>17,529,371</u>
As at 31 March 2009	<u>15,416,317</u>	<u>-</u>	<u>435,803</u>	<u>440,298</u>	<u>16,292,418</u>

Included in housing land and buildings additions is capitalised development administration expenditure of £38,440 (2009: £37,919) and interest capitalised of £Nil (2009: £Nil).

None of the Association's land or letting properties is held under a lease.

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**FOR THE YEAR ENDED 31 MARCH 2010**

	<b>Office premises £</b>	<b>Motor vehicles £</b>	<b>Furniture &amp; equipment £</b>	<b>Total £</b>
<b>9 TANGIBLE FIXED ASSETS (Cont'd)</b>				
<b>b) Other tangible assets</b>				
As at 1 April 2009	130,531	101,338	368,242	600,111
Additions	178,606	20,366	36,713	235,685
Disposals	-	(23,866)	(151)	(24,017)
As at 31 March 2010	<u>309,137</u>	<u>97,838</u>	<u>404,804</u>	<u>811,779</u>
<b>Depreciation</b>				
As at 1 April 2009	25,582	60,758	328,025	414,365
Charge for year	6,184	20,813	23,655	50,652
Disposals	-	(22,664)	(151)	(22,815)
As at 31 March 2010	<u>31,766</u>	<u>58,907</u>	<u>351,529</u>	<u>442,202</u>
<b>Net book values</b>				
As at 31 March 2010	<u>277,371</u>	<u>38,931</u>	<u>53,275</u>	<u>369,577</u>
As at 31 March 2009	<u>104,949</u>	<u>40,580</u>	<u>40,217</u>	<u>185,746</u>
			<b>2010 £</b>	<b>2009 £</b>
<b>10 DEBTORS</b>				
Rental arrears			287,675	270,106
Less: Bad debt provision			<u>(86,636)</u>	<u>(80,974)</u>
			201,039	189,132
Housing association grant receivable			214,779	6,855
Other debtors			203,960	203,678
Prepayments and accrued income			45,984	38,839
			<u>665,762</u>	<u>438,504</u>

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**FOR THE YEAR ENDED 31 MARCH 2010**

<b>11 CREDITORS</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Loans	205,607	385,073
Trade creditors	78,480	73,665
Other taxation and social security		-
Other creditors	1,163,317	1,057,033
Accruals and deferred income	115,121	317,953
Rent in advance	177,464	171,607
	<u>1,739,989</u>	<u>2,005,331</u>

**12 CREDITORS**

Amounts falling due after more than one year:

Loans	<u>11,663,929</u>	<u>11,319,463</u>
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The aggregate amount of loans secured by specific charges on the Association's properties, part of which fall due in over five years, is as follows:

Loans payable by instalments	11,869,536	11,704,536
Less: payable within one year	(205,607)	(385,073)
	<u>11,663,929</u>	<u>11,319,463</u>

Loans are repayable at rates of interest of 1.05 % to 5.09 % (2009: 5.9% to 6.97%). The split of over one year is as follows

Between one and two years	205,607	385,073
Between two and five years	822,428	1,540,292
After five years	10,841,501	9,779,171
	<u>11,869,536</u>	<u>11,704,536</u>

**13 SHARE CAPITAL**

Shares of £1 each fully paid up and issued:

As at 1 April 2009	205	208
Issued in year	27	6
Cancelled in year	-	(9)
As at 31 March 2010	<u>232</u>	<u>205</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.

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**FOR THE YEAR ENDED 31 MARCH 2010**

<b>14 RESERVES</b>	<b>Major repairs reserve £</b>	<b>Cyclical repairs reserve £</b>	<b>Total £</b>
<b>DESIGNATED RESERVES</b>			
As at 1 April 2009	827,021	419,556	1,246,577
Transfer from revenue reserve	-	-	
Balance at 31 March 2010	<u>827,021</u>	<u>419,556</u>	<u>1,246,577</u>
		<b>2010 £</b>	<b>2009 £</b>
<b>REVENUE RESERVE</b>			
Opening balance at 1 April 2009		4,240,320	3,718,587
Surplus for year		774,160	576,209
Transfer to designated reserves		-	(70,076)
Transfer from designated reserves		-	15,600
Closing balance at 31 March 2010		<u>5,014,480</u>	<u>4,240,320</u>
<b>15 CAPITAL COMMITMENTS</b>			
Expenditure contracted less certified		<u>-</u>	<u>639,596</u>
The commitments at 31 March 2010 will be funded by private finance secured on specific properties.			
<b>16 CASH FLOW STATEMENTS</b>			
<b>a) Gross cash flows</b>			
<b>Returns of investments and servicing of finance</b>			
Interest received		9,738	88,655
Interest paid		(238,474)	(671,237)
		<u>(228,736)</u>	<u>(582,582)</u>
<b>b) Capital expenditure</b>			
Payments for the purchase and development of the property		(2,214,608)	(3,263,842)
HAG and other grants received		560,993	1,270,105
Receipts from sales of property		33,993	212,587
HAG and other grants repaid		-	(113,417)
Payments to acquire other fixed assets		(211,667)	(66,818)
Receipts from sales of other fixed assets		3,699	28,219
		<u>(1,827,590)</u>	<u>(1,933,166)</u>
<b>c) Management of liquid resources</b>			
Cash taken off/(put on deposit)		<u>-</u>	<u>-</u>
<b>d) Financing</b>			
Issue of share capital		27	6
Loan finance received		650,000	-
Loan finance repaid		(485,000)	(427,834)
		<u>165,027</u>	<u>(427,828)</u>

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**FOR THE YEAR ENDED 31 MARCH 2010**

	At 31 March 2009 £000	Cash flows £000	Other Changes £000	At 31 March 2010 £000
<b>16</b>				
<b>e) ANALYSIS OF CHANGES IN NET DEBT</b>				
Cash in hand, at bank	1,895,228	(794,731)	-	1,100,497
Debt due within 1 year	(385,073)	179,466	-	(205,607)
Debt due after 1 year	(11,319,463)	(344,466)	-	(11,663,929)
	<u>(9,809,308)</u>	<u>(959,731)</u>	<u>-</u>	<u>(10,769,039)</u>

<b>17 UNITS IN MANAGEMENT</b>	<b>2010 No</b>	<b>2009 No</b>
Housing accommodation- general needs	1,207	1,246
Supported	-	-
Shared ownership	46	46
	<u>1,253</u>	<u>1,292</u>

**18. RELATED PARTIES**

Various members of the Committee are tenants of the Association. The terms applicable to them are the same as applicable to all of the tenants.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### FOR THE YEAR ENDED 31 MARCH 2010

#### 19 PENSION FUND - GENERAL

Glen Oaks Housing Association Limited participates in the SFHA Pension Scheme (the "Scheme"). The Scheme is funded and is contracted out of the State Pension scheme.

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 rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three 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.

The last formal valuation of the Scheme was performed at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets as at the valuation date was £268 million. The valuation showed a shortfall of assets compared to liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%.

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

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.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out 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.

The leaving employer's share of the buy-out debt 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 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 Scheme liabilities, Scheme investment performance, the liabilities in respect of 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.

Glen Oaks Housing Association Limited 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



# GLEN OAKS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### FOR THE YEAR ENDED 31 MARCH 2010

30 September 2009. As of this date the estimated employer debt for Glen Oaks Housing Association Limited was £3,871,276.56.

The SFHA Scheme is a multi-employer defined benefit scheme. The Scheme offers three benefit structures to employers, namely:

- Final Salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.

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 given time. An open benefit structure is one which new entrants are able to join.

Glen Oaks Housing Association Limited has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2009 and the same benefit structure for any new entrants.

During the accounting period Glen Oaks Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 27 active members of the Scheme employed by Glen Oaks Housing Association Limited. The annual pensionable payroll in respect of these members was £678,591.

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

<b>2006 Valuation Assumptions</b>	<b>% p.a.</b>
Investment return pre retirement	7.2
Investment return post retirement	4.9
Rate of salary increases	4.6
<b>Rate of pension increases</b>	
- pension accrued pre 6 April 2005	2.6
- pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	2.6

<b>Mortality Tables</b>	
Non-pensioners	PA92C2025 short
Pensioners	PA92C2013 short

<b>Contribution Rates for Future Service</b>	<b>%</b>
Final Salary 1/60ths	17.8
Career average revalued earnings 1/60ths	14.6
Career average revalued earnings 1/70ths	12.6
Additional rate for deficit contributions	5.3