

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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

Charities 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 2012

MANAGEMENT COMMITTEE

Mrs Pat McGinlay MBE		Vice-Chair
Mr William McNamara		Chairperson
Mrs Marion Lovely		Secretary
Mrs Marisa Mundt		Treasurer
Mrs Moira Macdonald		
Mrs Helen Gracie		
Mr I McLellan		
Ms E McShane		
Ms K Barker		
Mrs Connie Campbell	(resigned	22 February 2012)
Mr Robert Kelly	(resigned	25 April 2012)
Ms Linda MacPherson	(resigned	22 February 2012)
Mr J Duncan	(casual vacancy	27 June 2012)
Mr A Kirkwood	(casual vacancy	27 June 2012)
Mr M Smith	(casual vacancy	27 June 2012)
Mr J Speirs	(co-opted	25 April 2012)
Mr S Gaunt	(co-opted	27 June 2012)

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

FOR THE YEAR ENDED 31 MARCH 2012

The Management Committee presents its Report and the Financial Statements for the year ended 31 March 2012.

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

	2012	2011
Managed Property Numbers		
Tenanted Property	1,216	1,204
Managed on behalf of others		-
Shared Ownership Properties	46	46
Total	1,262	1,250
Developing Property Numbers		
Tenanted Property		-
Shared Ownership Properties		-
Homestake		-

Financial Review

The Association made a surplus of £502,461 (2011 - restated £718,421). Following the implementation of the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010 (SORP 2010), the Association has implemented component accounting. As a result of the changes brought about by the SORP 2010 and the detailed guidance of the Technical Notes, the Association has adopted a new accounting policy, which has resulted in a prior period adjustment. The 2011 comparative figures have been restated. This is further explained in Section 11 of the Operational Report of the Committee of Management and in Note 23 to the financial statements.

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2012

Business Review

Our Strategic Aims

Glen Oaks identifies the following as its strategic aims:

- Dedication to offering housing solutions and routes into 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 Management Committee 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 Management Committee, which is responsible to the wider membership. Management Committee 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

FOR THE YEAR ENDED 31 MARCH 2012

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.

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 needs 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, allowing 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..

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.

Maintenance policies

In line with the SORP 2010, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other major repairs are charged to the Income and Expenditure account.

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2012

3 Development Issues

During the year the Association developed Arden Phase 2 this development consisted of 19 rented units and 6 New Supply Shared Equity, 16 units were complete at the year end. The Association received approval for a further Development in Arden of 35 rented units and 4 New Supply Shared Equity Units.

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 third 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 .

8 Bond Finance

The Association entered into an agreement with THFC to acquire Bond Finance of £14.3 million.

These funds are being used to repay some existing loans and to fund major improvement work.

9 Scottish Housing Quality Standard

The Association has detailed plans in place and has carried out a procurement exercise for the Major improvement work required to meet the SHQS. The Association is confident that the required work will be completed by 2015.

10 Component Accounting

Glen Oaks has adopted Component Accounting into its financial statements this year in compliance with the SORP 2010. Major Components (Note 1) of our buildings are identified and depreciated over specific economic life spans. Their replacement is then capitalised in the accounts as they occur. There are resulting prior year adjustments shown to the relevant notes to the accounts and detailed in Note 23.

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2012

11 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 Rent Increase for the year was 6.8%. 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

FOR THE YEAR ENDED 31 MARCH 2012

Budgetary process

Each year the Management Committee 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 Management Committee. 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.

Going concern

No material uncertainties that may cast significant doubt about the Association to continue as a going concern have been identified by the Management Committee.

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

FOR THE YEAR ENDED 31 MARCH 2012

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.

Management Committee

The Management Committee during the year to 31 March 2012 was as follows

Mr William McNamara	Chairperson		4,3
Mrs Pat McGinlay MBE	Vice Chairperson		3
Mrs Marion Lovely	Secretary		1,3
Mrs Marisa Mundt	Treasurer		1,2,3,4
Mrs Helen Gracie			
Mrs Moira MacDonald			1
Mr I McLellan			1,2,,4
Mrs Connie Campbell			
Ms K Barker			1,2,4
Ms E McShane			1
Mr Robert Kelly			
Ms Linda MacPherson			
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 2012 were as follows

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

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2012

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: Marian Lovely

Date: 19-9-2012

GLEN OAKS HOUSING ASSOCIATION LIMITED

STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2012

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.

GLEN OAKS HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE STATEMENT ON INTERNAL FINANCIAL CONTROLS

FOR THE YEAR ENDED 31 MARCH 2012

The Management Committee 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.

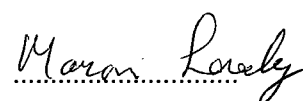
It is the Management Committee's responsibility to establish and maintain systems of internal financial control. Such Systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- 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 Management Committee 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 Management Committee 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 Management Committee have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2012 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 Management Committee

Date: 19.9.2012


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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 2009/4 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

Baker Tilly UK Audit LLP
Statutory Auditor
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date: *20 September 2012*

GLEN OAKS HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2012

We have audited the financial statements of Glen Oaks Housing Association Limited for the year ended 31 March 2012 on pages 14 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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 Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 10, the Committee are responsible for the preparation of the financial statements and for being satisfied that they 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date: *20 September 2012*

GLEN OAKS HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 As restated £
Turnover	2	4,420,291	4,258,439
Operating Costs	2	<u>(3,381,038)</u>	<u>(3,338,390)</u>
Operating Surplus		1,039,253	920,049
(Loss)/Profit on Sale of Assets		(2,885)	843
Interest Receivable and Other Income		108,887	3,728
Interest Payable and Other Charges	4	<u>(642,794)</u>	<u>(206,199)</u>
Surplus on Ordinary Activities Before Taxation		502,461	718,421
Corporation Tax on Surplus on Ordinary Activities	5	-	-
Surplus for the year		<u>502,461</u>	<u>718,421</u>

All amounts relate to continuing activities.

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

**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR
ENDING 31 MARCH 2012**

	2012 £	2011 £
Surplus for the year	502,461	718,421
Prior period adjustment (Note 24)	(2,627,094)	-
Total surpluses and deficits recognised since last reporting period	<u>(2,124,633)</u>	<u>718,421</u>

GLEN OAKS HOUSING ASSOCIATION LIMITED

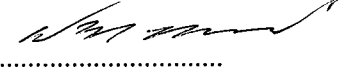
BALANCE SHEET

AS AT MARCH 2012

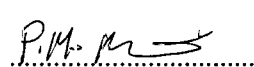
	Note	2012		2011	
	s	£	£	£	As restated £
TANGIBLE FIXED ASSETS					
Housing properties – gross cost less depreciation	9a		40,965,183		39,343,477
Less:					
Housing Association Grant	9a	(25,009,441)		(24,089,468)	
Other Grants	9a	(250,203)		(250,203)	
			<u>(25,259,644)</u>		<u>(24,339,671)</u>
			15,705,539		15,003,806
Other	9b		337,344		352,043
			<u>16,042,883</u>		<u>15,355,849</u>
CURRENT ASSETS					
Stock	10	367,800		-	
Debtors	11	358,889		907,810	
Cash in bank and on hand		9,893,303		1,334,301	
			<u>10,619,992</u>		<u>2,242,111</u>
CREDITORS					
Amounts falling due within one year	12	(1,849,172)		(1,769,681)	
NET CURRENT ASSETS			<u>8,770,820</u>		<u>472,430</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			24,813,703		15,828,279
CREDITORS					
Amounts falling due after one year	13		(19,622,872)		(11,139,901)
NET ASSETS			<u>5,190,831</u>		<u>4,688,378</u>
CAPITAL AND RESERVES					
Share capital	14		212		220
Designated reserves	15		1,246,577		1,246,577
Revenue reserve	15		3,944,042		3,441,581
			<u>5,190,831</u>		<u>4,688,378</u>

These financial statements were authorised and approved for issue by the Committee of Management on 19/03/2012 and signed on their behalf by:

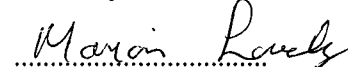
Committee Member



Treasurer



Secretary



GLEN OAKS HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

Notes	2012		2011 As restated	
	£	£	£	£
Reconciliation of Operating Surplus to Net Cash inflow from Operating Activities				
Operating surplus		1,039,253		920,049
Depreciation Charges		626,742		494,737
(Increase) in Stock		(367,800)		-
Decrease /(Increase) in Debtors		548,921		(242,048)
Increase in Creditors		99,559		28,832
		1,946,675		1,201,570
 Net Cash Inflow from Operating Activities				
		1,946,675		1,201,570
Returns on Investments and Servicing of Finance	17a	(533,907)		(202,471)
Taxation		-		-
 Capital expenditure				
	17b	(1,316,669)		(241,272)
		96,099		757,827
 Management of Liquid Resources				
	17c	-		-
Financing	17d	8,462,903		(524,024)
Increase in Cash		8,559,002		233,803
 Reconciliation of Net Cash Flow to Movement in Net Debt (Note 17e)				
Increase in Cash in the period		8,559,002		233,803
Movement in loans		(8,462,903)		524,029
Change in Net Debt		96,099		757,832
Net Debt as 1st April 2011		(10,011,207)		(10,769,039)
Net Debt at 31st March 2012		(9,915,108)		(10,011,207)

GLEN OAKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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 Housing Providers Update 2010" and relevant accounting standards.

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.

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 properties are held within stock until sold.

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.

GLEN OAKS HOUSING ASSOCIATION LIMITED

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Depreciation

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows;

Land	Not depreciated
Structure	Over 100 years
Roofs	Over 60 years
Windows/doors	Over 25 years
Boilers/fires	Over 15 years
Kitchens	Over 15 years
Bathrooms	Over 20 years
Mechanical Systems	Over 30 years
Electrics	Over 30 years

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: -

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.

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

In previous years, 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:-

GLEN OAKS HOUSING ASSOCIATION LIMITED

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FOR THE YEAR ENDED 31 MARCH 2012

- 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.

The adoption of Component Accounting during the year represents a change in accounting policy. Previously the major components of the Association's housing properties were deemed to be land and buildings. The major components are now deemed to be Land, Structure, Roofs, Windows, Kitchens, Bathrooms and Central Heating. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in Note 1. The new accounting policy is compliant with the SORP 2010.

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.

Capitalisation of interest

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

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.

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

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FOR THE YEAR ENDED 31 MARCH 2012

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

	Note	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Operating Surplus/ (Deficit) 2011 As restated
		£	£	£	£
Social lettings	3a	4,294,433	(3,077,755)	1,216,678	1,229,908
Other activities	3b	125,858	(303,283)	(177,425)	(309,859)
TOTAL		<u>4,420,291</u>	<u>(3,381,038)</u>	<u>1,039,253</u>	<u>920,049</u>
Total for previous period of account – as restated		<u>4,258,439</u>	<u>(3,338,390)</u>	<u>920,049</u>	

GLEN OAKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

3a. Particulars of Income and Expenditure from Lettings

	General Needs	Shared	2012	2011
	Housing	Ownership	Total	As restated Total
	£	£	£	£
Income from social lettings				
Rent receivable net of service charges	4,092,648	70,279	4,162,927	3,874,352
Service charges	140,370	24,669	165,039	144,082
Gross income from rents net of service charges	4,233,018	94,948	4,327,966	4,018,434
Less: Rent Losses from Voids	(33,533)	-	(33,533)	(32,876)
	4,199,485	94,948	4,294,433	3,985,558
Grants from Scottish ministers	-	-	-	-
Other revenue grants	-	-	-	-
Total Income from social letting	4,199,485	94,948	4,294,433	3,985,558
Expenditure on Social Letting Activities				
Service costs	163,531	-	163,531	139,059
Management and maintenance administration costs	1,385,680	14,682	1,400,362	1,225,796
Reactive Maintenance	472,641	-	472,641	571,397
Planned and Cyclical Maintenance including major repairs	419,633	-	419,633	357,107
Bad Debts – rents and service charges	30,747	-	30,747	18,399
Depreciation of social housing	590,841	-	590,841	443,892
Operating costs for social letting	3,063,073	14,682	3,077,755	2,755,650
Operating Surplus for social lettings	1,136,412	80,266	1,216,678	1,229,908
2011 – as restated	1,156,794	73,114	1,229,908	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £Nil (2011: £ Nil).

GLEN OAKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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)	2011
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	-	-	-	-	-	(68,308)	(68,308)	(58,992)
Care and Repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	28,788	28,788	-	(9,060)	19,728	21,369
Development activities	-	-	-	-	-	-	(81,240)	(81,240)	(111,024)
Support Activities	-	-	-	-	-	-	-	-	39,893
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	(109,095)
Other agency/management service	-	-	-	-	-	-	-	-	-
Developments and improvements for sale, (inc first tranche shared ownership sales to non registered social landlords)	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	97,070	97,070	-	(144,675)	(47,605)	(92,012)
Total from other activities	-	-	-	125,858	125,858	-	(303,283)	(177,425)	(309,859)
2011	-	38,551	-	234,330	272,881	-	(582,740)	(309,859)	

Included within other activities is £91,033 in relation to amounts written back to the income and expenditure account which are no longer payable.

GLEN OAKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

4 Interest Payable

	2012	2011
	£	£
On Private Loans	642,794	206,199
Less: Capitalised	-	-
Charged to Income and Expenditure Account	642,794	206,199

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 Management Committee, 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)	71,496	71,384
Emoluments payable to Chief Executive (excluding pension contributions)	71,496	71,384
Total Emoluments (including Pension Contributions and benefits in kind)	77,949	81,651

The Associations pension contributions for the Chief Executive in the year amounted to £6,453 (2011: £10,267).

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	787	183

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.

7 Employees

	2012	2011
	£	£
Salaries	803,662	984,639
Social Security Costs	69,456	78,653
Pension Costs	145,565	113,476
	1,018,683	1,176,768
	Number	Number
Full time equivalent number of employees	27	29

8 Auditors' Remuneration

	2012	2011
	£	£
For audit services (including VAT & expenses)	14,911	16,995
For other services (including VAT & expenses)	-	-

GLEN OAKS HOUSING ASSOCIATION LIMITED

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FOR THE YEAR ENDED 31 MARCH 2012

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 £
Cost					
As at 1 April 2011	40,870,509	1,130,437	323,687	1,802,013	44,126,646
Prior Period Adjustment (Note 23)	(1,913,263)	-	719,238	(17,315)	(1,211,340)
As restated	38,957,246	1,130,437	1,042,925	1,784,698	42,915,306
Additions	129,983	17,616	2,355,113	-	2,502,712
Schemes Completed	2,685,278	-	(2,685,278)	-	-
Disposals	(272,477)	-	-	(57,500)	(329,977)
As at 31 March 2012	41,500,030	1,148,053	712,760	1,727,198	45,088,041
Social Housing Grants					
As at 1 April 2011	22,846,722	877,507	301,202	1,275,377	25,300,808
Prior Period Adjustment (Note 23)	(1,850,825)	-	503,525	135,960	(1,211,340)
As restated	20,995,897	877,507	804,727	1,411,337	24,089,468
Additions	52,243	-	1,063,880	-	1,116,123
Schemes Completed	1,616,845	-	(1,616,845)	-	-
Disposals	(196,150)	-	-	-	(196,150)
As at 31 March 2012	22,468,835	877,507	251,762	1,411,337	25,009,441
Other grants					
As at 1 April 2011	250,203	-	-	-	250,203
Prior Period Adjustment (Note 23)	-	-	-	-	-
As restated	250,203	-	-	-	250,203
Additions	-	-	-	-	-
Schemes Completed	-	-	-	-	-
Disposals	-	-	-	-	-
As at 31 March 2012	250,203	-	-	-	250,203
Depreciation					
As at 1 April 2011	915,897	-	-	28,838	944,735
Prior Period Adjustment (Note 23)	2,607,308	19,786	-	-	2,627,094
As restated	3,523,205	19,786	-	28,838	3,571,829
Charge for year	568,395	9,921	2,859	9,666	590,841
On Disposals	(39,812)	-	-	-	(39,812)
As at 31 March 2012	4,051,788	29,707	2,859	38,504	4,122,858
Net book values					
As at 31 March 2012	14,729,204	240,839	458,139	277,357	15,705,539
As at 31 March 2011 as restated	14,187,941	233,144	238,198	344,523	15,003,806

Included in housing land and buildings additions is capitalised development administration expenditure of £Nil (2011: £Nil) and interest capitalised of £Nil (2011: £Nil).

GLEN OAKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

	Office premises £	Motor vehicles £	Furniture & equipment £	Total £
9 Tangible Fixed Assets (Cont'd)				
b) Other tangible assets				
As at 1 April 2011	314,953	86,628	294,932	696,513
Additions	-	-	37,265	37,265
Disposals	-	(76,445)	(2,444)	(78,889)
As at 31 March 2012	<u>314,953</u>	<u>10,183</u>	<u>329,753</u>	<u>654,889</u>
Depreciation				
As at 1 April 2011	38,027	63,769	242,674	344,470
Charge for year	6,300	3,403	26,198	35,901
Disposals	-	(60,380)	(2,446)	(62,826)
As at 31 March 2012	<u>44,327</u>	<u>6,792</u>	<u>266,426</u>	<u>317,545</u>
Net book values				
As at 31 March 2012	<u>270,626</u>	<u>3,391</u>	<u>63,327</u>	<u>337,344</u>
As at 31 March 2011	<u>276,926</u>	<u>22,859</u>	<u>52,258</u>	<u>352,043</u>
10 Stock – New Supply Share Equity			2012 £	2011 £
Cost of development properties			669,207	-
Grant received to develop properties			(301,407)	-
			<u>367,800</u>	<u>-</u>
11 Debtors			2012 £	2011 £
Rental arrears			254,035	240,356
Less: Bad debt provision			(74,621)	(71,404)
			<u>179,414</u>	<u>168,952</u>
Housing association grant receivable			-	84,335
Other debtors			54,539	576,143
Prepayments and accrued income			124,936	78,380
			<u>358,889</u>	<u>907,810</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

12 Creditors	2012 £	2011 £
Amounts falling due within one year:		
Loans (note 13)	185,539	205,607
Trade creditors	56,349	55,950
Other taxation and social security	-	1,810
Other creditors	693,766	1,190,981
Accruals and deferred income	732,280	125,586
Rent in advance	181,238	189,747
	1,849,172	1,769,681

13 Creditors		
Amounts falling due after more than one year:		
Loans	19,622,872	11,139,901

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 installments	19,808,411	11,345,508
Less: payable within one year	(185,539)	(205,607)
	19,622,872	11,139,901

Loans are repayable at rates of interest of 1% to 6.35% (2011: 1.05% to 6.97%). The split of over one year is as follows

Within one year (note 12)	185,539	205,607
Between one and two years	189,126	205,607
Between two and five years	589,755	822,428
Loans due after five years	18,843,991	10,111,866
	19,808,411	11,345,508

Included within loans due after five years is £1,928,279 relating to a premium received on the issue of a £14.3m bond. This will be released to the Income & Expenditure account over the period of the bond.

14 SHARE CAPITAL

Shares of £1 each fully paid up and issued:

As at 1 April 2011	220	232
Issued in year	2	5
Cancelled in year	(10)	(17)
As at 31 March 2012	212	220

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

FOR THE YEAR ENDED 31 MARCH 2012

15 Reserves	Major repairs reserve £	Cyclical repairs reserve £	Total £
Designated Reserves			
As at 1 April 2011	827,021	419,556	1,246,577
Transfer from revenue reserve	-	-	-
Balance at 31 March 2012	<u>827,021</u>	<u>419,556</u>	<u>1,246,577</u>
		2012 £	2011 As restated £
Revenue Reserve			
Opening balance at 1 April 2011 as originally reported		6,068,675	2,723,160
Prior Year Adjustment (Note 24)		<u>(2,627,094)</u>	<u>-</u>
At 1 April 2011 as restated		3,441,581	2,723,160
Surplus for year		502,461	718,421
Transfer to designated reserves		-	-
Transfer from designated reserves		-	-
Closing balance at 31 March 2012		<u>3,944,042</u>	<u>3,441,581</u>
16 Capital Commitments		<u>8,053,118</u>	<u>-</u>
17 Cash Flow Statements			
a) Gross cash flows			
Returns of investments and servicing of finance			
Interest received		108,887	3,728
Interest paid		<u>(642,794)</u>	<u>(206,199)</u>
		<u>(533,907)</u>	<u>(202,471)</u>
b) Capital expenditure			
Payments for the purchase and development of the property		(2,502,712)	(340,097)
HAG and other grants received		1,116,123	87,555
Receipts from sales of property		96,313	43,738
Payments to acquire other fixed assets		(37,265)	(33,311)
Receipts from sales of other fixed assets		10,872	843
		<u>(1,316,669)</u>	<u>(241,272)</u>
c) Management of liquid resources			
Cash taken off/(put on deposit)		<u>-</u>	<u>-</u>

GLEN OAKS HOUSING ASSOCIATION LIMITED

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FOR THE YEAR ENDED 31 MARCH 2012

17 Cash Flow Statements (contd.)

d) Financing

Issue of share capital	2	5	
Loan finance received	16,575,569	-	
Loan finance repaid	(8,112,668)	(524,029)	
	8,462,903	(524,024)	

	At 31 March 2011 £000	Cash flows £000	Other Changes £000	At 31 March 2012 £000
e) Analysis of Changes in Net Debt				
Cash in hand, at bank	1,334,301	8,559,002	-	9,893,303
Debt due within 1 year	(205,607)	433,065	(412,997)	(185,539)
Debt due after 1 year	(11,139,901)	(8,895,968)	412,997	(19,622,872)
	(10,011,207)	96,099	-	(9,915,108)

18 Units in Management

	2012 No	2011 No
Housing accommodation- general needs Supported	1216	1204
Shared ownership	46	46
	1262	1250

19 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

FOR THE YEAR ENDED 31 MARCH 2012

20 Pension Fund - General

Glen Oaks Housing Association Limited participates in the Scottish Housing Associations' 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 2009 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 £295 million. The valuation showed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

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

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

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FOR THE YEAR ENDED 31 MARCH 2012

Glen Oaks Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for Glen Oaks Housing Association Limited was £4,797,968.

The SFHA Scheme is a multi-employer defined benefit scheme. The Scheme offers five 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.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted in.

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 option for active members as at 1 April 2011 and the same benefit option for any new entrants.

During the accounting period Glen Oaks Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 22 active members of the Scheme employed by Glen Oaks Housing Association Limited. The annual pensionable payroll in respect of these members was £706,549.

Glen Oaks Housing Association Limited continues to offer membership of the Scheme to its employees.

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

2006 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement - Non-pensioners	4.6
Investment return post retirement – Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- pension accrued pre 6 April 2005 in excess of GMP	2.9
-pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

Mortality Tables	
Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement

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Contribution Rates for Future Service	%
Final Salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions*	10.4

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

Glen Oaks Housing Association Limited has been notified by the Pension Trust of the Scottish Housing Association Pension Scheme (SHAPS) that past service deficit contributions payable for the year ended 31 March 2013 is £84,371.

21 Contingent Liabilities

Housing Association Grant allocated to components (as detailed in Note 1) that have subsequently been replaced by the Association are recognized in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2012 was £nil (2011: £nil).

22 Reconciliation of Funds

	2012 £	2011 As restated £
At 1 April 2011 as originally reported	7,315,472	3,969,969
Prior Year Adjustment (Note 22)	(2,627,094)	-
At 1 April 2011 as restated	<u>4,688,378</u>	<u>3,969,969</u>
Surplus for year	502,461	718,421
New shares issued	2	5
Shares cancelled	(10)	(17)
Net change in funds	<u>502,453</u>	<u>718,409</u>
At 31 March 2012	<u><u>5,190,831</u></u>	<u><u>4,688,378</u></u>

GLEN OAKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

23 Prior Period Adjustment- Component Accounting

Following the implementation of the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010 (SORP 2010), the Association has implemented component accounting. As a result of the changes brought about by the SORP 2010 and the detailed guidance of the Technical Notes, the Association has adopted a new accounting policy, which has resulted in a prior period adjustment.

The principle of component accounting is to account separately for each major component of a property asset with substantially different useful economic lives, and to depreciate them over their useful economic life. This has resulted in additional depreciation charge being recognised.

The effect of this change in accounting policy on the 31 March 2011 financial statements is shown below. 31 March 2011 opening reserves have been decreased by £2,291,320 of which £2,291,320 relates to increased depreciation, £1,211,340 relates to major repairs previously written off to the Income and Expenditure Account now capitalised as components and £1,211,340 relates to HAG now allocated across components.

The effect of this change on the comparative year's figures of 2011 has been to:

	£
Increase depreciation charge	(335,774)
Decrease in the surplus for the year	<u>(335,774)</u>

In addition the effect upon the balance sheet has been to:

Decrease fixed asset cost	(1,211,340)
Increase fixed asset HAG	1,211,340
Increase fixed asset depreciation	<u>(2,627,094)</u>
Net movement in the balance sheet - decrease	<u>(2,627,094)</u>