

**GLEN OAKS HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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

**Financial Conduct Authority No. HCB 241**

**Charity No. SC034301**

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

## **GLEN OAKS HOUSING ASSOCIATION LIMITED**

### **CONTENTS:-**

	Page
MEMBERS OF MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2 - 9
STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES	10
REPORT BY THE MANAGEMENT COMMITTEE ON INTERNAL FINANCIAL CONTROLS	11
REPORT OF THE AUDITORS	12
INCOME AND EXPENDITURE ACCOUNT	13
BALANCE SHEET	14
CASH FLOW STATEMENT	15
NOTES TO THE FINANCIAL STATEMENTS	16 - 30

### **REGISTRATION PARTICULARS:**

Financial Conduct Authority

Industrial & Provident Schemes Act 1965  
Registered Number: 2402 R(S)

Scottish Housing Regulator

Housing (Scotland) Act 2010  
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 2013**

**MANAGEMENT COMMITTEE**

Mrs Pat McGinlay MBE	Vice-Chair
Mr William McNamara	Chairperson
Mrs Marion Lovely	
Mrs Marisa Mundt	Treasurer
Mrs Moira Macdonald	
Mrs Helen Gracie	
Mr I McLellan	
Ms E McShane	
Ms K Barker	Secretary
Mr J Duncan	
Mr A Kirkwood	
Mr M Smith	
Mr J Speirs	
Mr S Gaunt	

**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 2013

The Management Committee presents its Report and the Financial Statements for the year ended 31 March 2013.

#### 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 Conduct 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

	2013	2012
<b>Managed Property Numbers</b>		
Tenanted Property	1,217	1,216
Managed on behalf of others		
Shared Ownership Properties	45	46
Total	1,262	1,262
<b>Developing Property Numbers</b>		
Tenanted Property	35	
Shared Ownership Properties		
New Supply Shared Equity	4	

#### Financial Review

The Association made a surplus of £ 475,499 (2012 - £502,461).

# **GLEN OAKS HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE MANAGEMENT COMMITTEE**

**FOR THE YEAR ENDED 31 MARCH 2013**

### **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 2013

#### 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 2013**

#### **3 Development Issues**

During the year the Association developed completed Arden Phase 2 development this consisted of 19 rented units and 6 New Supply Shared Equity. Work Started on Arden Phase 3 which consists of 35 rented units and 4 New Supply Shared Equity.

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 Scottish Housing Quality Standard**

The Associations 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.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT COMMITTEE

### FOR THE YEAR ENDED 31 MARCH 2013

#### 10 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 RSL'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 5.8%. 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 2013**

### **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 2013

### 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 2013 was as follows

Mr William McNamara	Chairperson		2,3,4
Mrs Pat McGinlay MBE	Vice Chairperson		3
Mrs Marion Lovely			1,3
Mrs Marisa Mundt	Treasurer		1,2,3
Mrs Helen Gracie			
Mrs Moira MacDonald			1
Mr I McLellan			1,2,4
Ms K Barker	Secretary		1,2
Ms E McShane			1
Mr J Duncan			2
Mr A Kirkwood			
Mr M Smith			4
Mr J Speirs			
Mr S Gaunt			
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 2013 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 2013**

**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:



Date:

18/9/13

## **GLEN OAKS HOUSING ASSOCIATION LIMITED**

### **STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES**

#### **FOR THE YEAR ENDED 31 MARCH 2013**

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 2010 and the Determination of Accounting Requirements - April 2012. 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 2013

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 2013 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: 18/9/13



# GLEN OAKS HOUSING ASSOCIATION LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2013

We have audited the financial statements of Glen Oaks Housing Association Limited for the year ended 31 March 2013 on pages 13 to 30. 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 [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

### 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 2013 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, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012.

### 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

Chartered Accountants

Breckenridge House

274 Sauchiehall Street

Glasgow

G2 3EH

Date: 19/9/13

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013	2012
Turnover	2	5,296,011	4,420,291
Operating Costs	2	<u>(3,919,328)</u>	<u>(3,381,038)</u>
Operating Surplus		1,376,683	1,039,253
Profit/(Loss) on Sale of Assets		14,295	(2,885)
Interest Receivable and Other Income		36,988	108,887
Interest Payable and Other Charges	4	<u>(952,467)</u>	<u>(642,794)</u>
Surplus on Ordinary Activities Before Taxation		475,499	502,461
Corporation Tax on Surplus on Ordinary Activities	5	-	-
Surplus for the year		<u>475,499</u>	<u>502,461</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 2013

	Notes	2013		2012	
		£	£	£	£
<b>TANGIBLE FIXED ASSETS</b>					
Housing properties – gross cost less depreciation	9a		46,969,870		40,965,183
<b>Less:</b>					
Housing Association Grant	9a	(24,982,633)		(25,009,441)	
Other Grants	9a	(2,310,895)		(250,203)	
			<u>(27,293,528)</u>		<u>(25,259,644)</u>
			19,676,342		15,705,539
Other	9b		347,356		337,344
			<u>20,023,698</u>		<u>16,042,883</u>
<b>CURRENT ASSETS</b>					
Stock	10	127,064		367,800	
Debtors	11	1,166,364		358,889	
Cash in bank and on hand		5,642,944		9,893,303	
			<u>6,936,372</u>		<u>10,619,992</u>
<b>CREDITORS</b>					
Amounts falling due within one year	12	(1,930,580)		(1,849,172)	
<b>NET CURRENT ASSETS</b>			<u>5,005,792</u>		<u>8,770,820</u>
			25,029,490		24,813,703
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
<b>CREDITORS</b>					
Amounts falling due after one year	13		(19,363,221)		(19,622,872)
<b>NET ASSETS</b>			<u>5,666,269</u>		<u>5,190,831</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	14		151		212
Designated reserves	15		1,246,577		1,246,577
Revenue reserve	15		4,419,541		3,944,042
			<u>5,666,269</u>		<u>5,190,831</u>

These financial statements were authorised and approved for issue by the Committee of Management on 18/9/13 and signed on their behalf by:

Committee Member  
William McNamara

Treasurer  
Marisa Mundt

Secretary  
Kimberly Barker






**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	2013		2012	
		£	£	£	£
<b>Reconciliation of Operating Surplus to Net Cash inflow from Operating Activities</b>					
Operating surplus			1,376,683		1,039,253
Depreciation Charges			636,903		626,742
Decrease/(Increase) in Stock			240,736		(367,800)
(Increase)/Decrease in Debtors			(807,475)		548,921
Increase in Creditors			92,538		99,559
			<u>1,539,385</u>		<u>1,946,675</u>
<b>Net Cash Inflow from Operating Activities</b>			1,539,385		1,946,675
<b>Returns on Investments and Servicing of Finance Taxation</b>	17a		(915,479)		(533,907)
					-
<b>Capital expenditure</b>	17b		(4,603,496)		(1,316,669)
			<u>(3,979,590)</u>		<u>96,099</u>
<b>Financing</b>	17c		(270,769)		8,462,903
<b>Increase in Cash</b>			<u>(4,250,359)</u>		<u>8,559,002</u>
<b>Reconciliation of Net Cash Flow to Movement in Net Debt (Note 17d)</b>					
<b>Increase in Cash in the Movement in loans</b>		(4,250,359)		8,559,002	
		<u>270,781</u>		<u>(8,462,903)</u>	
<b>Change in Net Debt</b>			(3,979,578)		96,099
<b>Net Debt as 1<sup>st</sup> April 2012</b>			(9,915,108)		(10,011,207)
<b>Net Debt at 31<sup>st</sup> March 2013</b>			<u>(13,894,686)</u>		<u>(9,915,108)</u>

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2013

#### 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 Determination of Accounting Requirements - April 2012 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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2013

#### 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**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2013**

- 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**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

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

	Note	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Operating Surplus/ (Deficit) 2012
		£	£	£	£
Social lettings	3a	4,583,372	(2,935,284)	1,648,088	1,216,678
Other activities	3b	712,639	(984,044)	(271,405)	(177,425)
<b>TOTAL</b>		<u>5,296,011</u>	<u>(3,919,328)</u>	<u>1,376,683</u>	<u>1,039,253</u>
<b>Total for previous period of account</b>		<u>4,420,291</u>	<u>(3,381,038)</u>	<u>1,039,253</u>	

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

### 3a. Particulars of Income and Expenditure from Lettings

	General Needs	Shared	2013	2012
	Housing £	Ownership £	Total £	Total £
<b>Income from social lettings</b>				
Rent receivable net of service charges	4,405,549	74,356	4,479,905	4,162,927
Service charges	100,440	25,999	126,439	165,039
<b>Gross income from rents net of service charges</b>	4,505,989	100,355	4,606,344	4,327,966
<b>Less: Rent Losses from Voids</b>	(22,844)	(128)	(22,972)	(33,533)
	4,483,145	100,227	4,583,372	4,294,433
Grants from Scottish ministers				-
Other revenue grants	-	-	-	-
<b>Total Income from social letting</b>	4,483,145	100,227	4,583,372	4,294,433
<b>Expenditure on Social Letting Activities</b>				
Service costs	126,749	-	126,749	163,531
Management and maintenance administration costs	1,318,290	18,452	1,336,742	1,400,362
Reactive Maintenance	430,043	-	430,043	472,641
Planned and Cyclical Maintenance including major repairs	390,603	-	390,603	419,633
Bad Debts – rents and service charges	52,512	-	52,512	30,747
Depreciation of social housing	592,774	5,861	598,635	590,841
<b>Operating costs for social letting</b>	2,910,971	24,313	2,935,284	3,077,755
<b>Operating Surplus for social lettings</b>	1,572,174	75,914	1,648,088	1,216,678
<b>2012</b>	1,136,412	80,266	1,216,678	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £Nil (2012: £ Nil).

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**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)	2012
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	-	-	-	-	-	(171,546)	(171,546)	(68,308)
Care and Repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	39,928	39,928	-	(33,579)	6,349	19,728
Development activities	-	-	-	-	-	-	(93,823)	(93,823)	(81,240)
Developments and improvements for sale, (inc first tranche shared ownership sales to non registered social landlords)	-	-	-	669,207	669,207	-	(669,207)	-	-
Other activities	-	-	-	3,504	3,504	-	(15,889)	(12,385)	(47,605)
<b>Total from other activities</b>	-	-	-	<b>712,639</b>	<b>712,639</b>	-	<b>(984,044)</b>	<b>(271,405)</b>	<b>(177,425)</b>
<b>2012</b>	-	-	-	<b>125,858</b>	<b>125,858</b>	-	<b>(303,283)</b>	<b>(177,425)</b>	

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2013

#### 4 Interest Payable

	2013	2012
	£	£
On Private Loans	952,467	642,794
Less: Capitalised	-	-
Charged to Income and Expenditure Account	952,467	642,794

#### 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)	70,001	71,496
Emoluments payable to Chief Executive (excluding pension contributions)	70,001	71,496
Total Emoluments (including Pension Contributions and benefits in kind)	76,615	77,949

The Associations pension contributions for the Chief Executive in the year amounted to £6,615 (2012: £6,453).

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	735	787

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

	2013	2012
	£	£
Salaries	820,161	803,662
Social Security Costs	70,266	69,456
Pension Costs	152,197	145,565
	1,042,624	1,018,683
	<b>Number</b>	<b>Number</b>
Full time equivalent number of employees	25	27

#### 8 Auditors' Remuneration

	2013	2012
	£	£
For audit services (including VAT & expenses)	12,729	14,911
For other services (including VAT & expenses)	13,932	-



# GLEN OAKS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2013

#### 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 2012	41,500,030	1,148,053	712,760	1,727,198	45,088,041
Additions	1,894,732	-	4,874,043	-	6,768,775
Schemes Completed	3,917,215	-	(3,917,215)	-	-
Disposals	(135,249)	-	-	(49,672)	(184,921)
As at 31 March 2013	<u>47,176,728</u>	<u>1,148,053</u>	<u>1,669,588</u>	<u>1,677,526</u>	<u>51,671,895</u>
<b>Social Housing</b>					
As at 1 April 2012	22,468,835	877,507	251,762	1,411,337	25,009,441
Additions	61,248	-	-	-	61,248
Schemes Completed	37,698	-	-	(37,698)	-
Disposals	(88,056)	-	-	-	(88,056)
As at 31 March 2013	<u>22,479,725</u>	<u>877,507</u>	<u>251,762</u>	<u>1,373,639</u>	<u>24,982,633</u>
<b>Other grants</b>					
As at 1 April 2012	250,203	-	-	-	250,203
Additions	-	-	2,060,692	-	2,060,692
Schemes Completed	2,060,692	-	(2,060,692)	-	-
Disposals	-	-	-	-	-
As at 31 March 2013	<u>2,310,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,310,895</u>
<b>Depreciation</b>					
As at 1 April 2012	4,051,788	29,707	2,859	38,504	4,122,858
Charge for year	579,114	10,245	3,415	5,861	598,635
On Disposals	(19,468)	-	-	-	(19,468)
As at 31 March 2013	<u>4,611,434</u>	<u>39,952</u>	<u>6,274</u>	<u>44,365</u>	<u>4,702,025</u>
<b>Net book values</b>					
As at 31 March 2013	<u>17,774,674</u>	<u>230,594</u>	<u>1,411,552</u>	<u>259,522</u>	<u>19,676,342</u>
As at 31 March 2012	<u>14,729,204</u>	<u>240,839</u>	<u>458,139</u>	<u>277,357</u>	<u>15,705,539</u>

Included in housing land and buildings additions is capitalised development administration expenditure of £Nil (2012: £Nil) and interest capitalised £Nil (2012: £Nil). All housing properties are freehold.

The Association would not be able to sell its properties without the repayment of Social Housing Grant.

Total major repair costs during the year were £1,191,400 (2012: (£nil), of which £1,191,400 (2012: £nil) was capitalised. Of the amount capitalised £1,191,400 (2012: £nil) related to replacement of components and £nil (2012: £nil) related to improvements.

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

	Office premises £	Motor vehicles £	Furniture & equipment £	Total £
<b>9 Tangible Fixed Assets (Cont'd)</b>				
<b>b) Other tangible assets</b>				
As at 1 April 2012	314,953	10,183	329,753	654,889
Additions	-	-	48,280	48,280
Disposals	-	-	(37,273)	(37,273)
As at 31 March 2013	<u>314,953</u>	<u>10,183</u>	<u>340,760</u>	<u>665,896</u>
<b>Depreciation</b>				
As at 1 April 2012	44,327	6,792	266,426	317,545
Charge for year	6,300	2,538	29,430	38,268
Disposals	-	-	(37,273)	(37,273)
As at 31 March 2013	<u>50,627</u>	<u>9,330</u>	<u>258,583</u>	<u>318,540</u>
<b>Net book values</b>				
As at 31 March 2013	<u>264,326</u>	<u>853</u>	<u>82,177</u>	<u>347,356</u>
As at 31 March 2012	<u>270,626</u>	<u>3,391</u>	<u>63,327</u>	<u>337,344</u>
<b>10 Stock – New Supply Share Equity</b>			<b>2013</b>	<b>2012</b>
			£	£
Cost of development properties			127,064	669,207
Grant received to develop properties			-	(301,407)
			<u>127,064</u>	<u>367,800</u>
<b>11 Debtors</b>			<b>2013</b>	<b>2012</b>
			£	£
Rental arrears			263,694	254,035
Less: Bad debt provision			(96,331)	(74,621)
			<u>167,363</u>	<u>179,414</u>
Other Grants Receivable			551,762	-
Other debtors			225,111	54,539
Prepayments and accrued income			222,128	124,936
			<u>1,166,364</u>	<u>358,889</u>

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2013

12 Creditors	2013 £	2012 £
Amounts falling due within one year:		
Loans (note 13)	174,409	185,539
Trade creditors	220,185	56,349
Other taxation and social security	135,446	-
Other creditors	717,625	693,766
Accruals and deferred income	468,548	732,280
Rent in advance	214,367	181,238
	1,930,580	1,849,172

13 Creditors		
Amounts falling due after more than one year:		
Loans	19,363,221	19,622,872

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	19,537,630	19,808,411
Less: payable within one year	(174,409)	(185,539)
	19,363,221	19,622,872

Loans are repayable at rates of interest of 1.05% to 6.35% (2012: 1% to 6.35%). The split of over one year is as follows

Within one year (note 12)	174,409	185,539
Between one and two years	177,794	189,126
Between two and five years	554,489	589,755
Loans due after five years	18,630,938	18,843,991
	19,537,630	19,808,411

Included within loans due after five years is £1,865,583 relating to a premium received on the issue of a £14.3m bond. This is being released to the Income & Expenditure account over the period of the bond.

14 Share capital	2013 £	2012 £
Shares of £1 each fully paid up and issued:		
As at 1 April 2012	212	220
Issued in year	12	2
Cancelled in year	(73)	(10)
As at 31 March 2013	151	212

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 2013

15 Reserves	Major repairs reserve £	Cyclical repairs reserve £	Total £
<b>Designated Reserves</b>			
As at 1 April 2012	827,021	419,556	1,246,577
Transfer from revenue reserve	-	-	-
Balance at 31 March 2013	827,021	419,556	1,246,577
		<b>2013</b>	<b>2012</b>
		£	£
<b>Revenue Reserve</b>			
At 1 April 2012		3,944,042	3,441,581
Surplus for year		475,499	502,461
Transfer to designated reserves		-	-
Transfer from designated reserves		-	-
Closing balance at 31 March 2013		4,419,541	3,944,042
<b>16 Capital Commitments</b>			
Expenditure contracted less certified			
Capital Commitments relate to a New Build Development and are funded through grant and existing resources			
		2,434,752	8,053,118
<b>17 Cash Flow Statements</b>			
<b>a) Gross cash flows</b>			
<b>Returns of investments and servicing of finance</b>			
Interest received		36,988	108,887
Interest paid		(952,467)	(642,794)
		(915,479)	(533,907)
<b>b) Capital expenditure</b>			
Payments for the purchase and development of the property		(6,746,670)	(2,502,712)
HAG and other grants received		2,121,940	1,116,123
Receipts from sales of property		69,512	96,313
Payments to acquire other fixed assets		(48,280)	(37,265)
Receipts from sales of other fixed assets		2	10,872
		(4,603,496)	(1,316,669)
<b>c) Financing</b>			
Issue of share capital		12	2
Loan finance received		-	16,575,569
Loan finance repaid		(270,781)	(8,112,668)
		(270,769)	8,462,903

**GLEN OAKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

	At 31 March 2012 £000	Cash flows £000	Other Changes £000	At 31 March 2013 £000
<b>17 Analysis of Changes in Net</b>				
<b>d) Debt</b>				
Cash in hand, at bank	9,893,303	(4,250,359)	-	5,642,944
Debt due within 1 year	(185,539)	11,130	-	(174,409)
Debt due after 1 year	(19,622,872)	259,651	-	(19,363,221)
	<u>(9,915,108)</u>	<u>(3,979,578)</u>	<u>-</u>	<u>(13,894,686)</u>

<b>18 Units in Management</b>	<b>2013 No</b>	<b>2012 No</b>
Housing accommodation- general needs	1,217	1216
Supported		
Shared ownership	45	46
	<u>1,262</u>	<u>1262</u>

**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 2013

#### 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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2013

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 £ 5,055,106.59

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 21 active members of the Scheme employed by Glen Oaks Housing Association Limited. The annual pensionable payroll in respect of these members was £700,173.

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:

<b>2006 Valuation Assumptions</b>	<b>% p.a.</b>
Investment return pre retirement	7.4
Investment return post retirement - Non-pensioners	4.6
Investment return post retirement – Pensioners	4.8
Rate of salary increases	4.5
<b>Rate of pension increases</b>	
- 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

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

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2013

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

(\*Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases 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 to 31 March 2015 will be £177,429.42

This figure is due to increase by 3% per annum based on the current service deficit. This therefore equates to a Net Present Value of £2,380,794.

#### **21 Contingent Liabilities**

Housing Association Grant allocated to components that have subsequently been replaced by the Association are recognised 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 as at 31 March 2013 was £nil (2012: £nil).