

Glen Oaks Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2014

Registered Housing Association No.HCB 241

FCA Reference No. 2402 R(S)

Scottish Charity No. SC034301

GLEN OAKS HOUSING ASSOCIATION LIMITED

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GLEN OAKS HOUSING ASSOCIATION LIMITED

**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2014**

MANAGEMENT COMMITTEE

Mrs P McGinlay MBE	Chairperson
Mr W McNamara	Vice-Chair
Mrs M Lovely	
Mrs M Mundt	Secretary
Mrs M Macdonald	
Mrs H Gracie	
Mr I McLellan	
Ms E McShane	Treasurer
Ms K Barker	
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

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

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 31ST MARCH 2014

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2014.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2402 R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC034301.

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 (RSL).

Review of Business and Future Developments

Financial Review

The Association made a surplus of £380,829 (2013 - £475,499).

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 and providing advice. In particular, we seek to challenge what we currently do and look to improve, rather than simply carry on with existing patterns of work.

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd)

Operational Review

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 Association also has the following sub committees

Audit Sub Committee
Corporate Services Sub Committee
Housing Services Sub Committee
Technical and Health and Safety Sub Committee

The Corporate Management 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 strengthen our governance arrangements.

Corporate Issues

Tenant involvement and participation is extremely important to Glen Oaks. We meet regularly with an established Tenants Association and have provided support in the form of training and regular monthly meetings.

We are currently in the process of establishing a scrutiny panel and will provide training and support to this group.

The Association is committed to involving staff in decision-making and policy making. We have regular staff meetings to ensure that this is achieved.

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 member's personal development review. 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.

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd)

Maintenance policies

In line with the Statement of Recommended Practice 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.

Development Issues

During the year the Association completed Arden Phase 3 development. This consisted of 35 rented units and 4 New Supply Shared Equity. The Association acquired land in Arden with plans to build a further 48 rented units.

Housing Issues

Many key housing service areas were reviewed and developed throughout the year. We have put a number of measures in place to help tackle the effects of welfare reform. We work closely with many local partners to deliver a wide variety of services to support tenants in the sustainment of their tenancy. We have also worked hard to reduce rent arrears and void levels.

Communities Issues

The Association continued to work closely with many partner organisations in order to develop and improve services to its local communities. One of our main projects was the Glen Oaks Workingrite project.

Property Maintenance

The third phase of a major refurbishment contract in Arden was completed during the year. The work involved applying insulated render, replacement windows and boilers.

Finance and IT Issues

The Association continues to invest in the development of our IT framework.

Scottish Housing Quality Standard (SHQS)

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.

Other Areas

Risk Management Policy

The Association has developed 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.

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd)

- 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 4.1 %.

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.

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd)

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.

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 2014 was as follows

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

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 (Corporate Management Team)

The Executive officers during the year to 31 March 2014 were as follows:

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

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.

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

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's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 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 judgments 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;
- prepare a statement on Internal Financial Control.

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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or 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 mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of 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 which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

Donations

During the year the Association made charitable donations amounting to £414 (2013: £740).

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee



MRS M MUNDT

Secretary

13 August 2014

GLEN OAKS HOUSING ASSOCIATION LIMITED

**REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
GLEN OAKS HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 8 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
14 August 2014

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

We have audited the financial statements of Glen Oaks Housing Association Limited for the year ended 31st March 2014 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities, the Association's Management Committee are responsible for the preparation of the Financial Statements that 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 on the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

In our opinion the exemption granted by the Financial Services Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Matters on which we are required to report by exception

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

- the information given in the Management Committee's Report is inconsistent with the financial statements.

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

Matters on which we are required to report by exception (contd.)

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
14 August 2014

GLEN OAKS HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

	Notes	2014 £	2013 £
TURNOVER	2.	5,080,841	5,296,011
Operating Costs	2.	<u>(3,790,319)</u>	<u>(3,919,328)</u>
OPERATING SURPLUS		1,290,522	1,376,683
Gain On Sale Of Housing Stock	7.	3,621	14,295
Interest Receivable and Other Income		16,568	36,988
Interest Payable and Similar Charges	8.	<u>(929,882)</u>	<u>(952,467)</u>
		<u>(909,693)</u>	<u>(901,184)</u>
SURPLUS ON ORDINARY ACTIVITIES	9.	<u>380,829</u>	<u>475,499</u>

All amounts relate to continuing activities.

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

GLEN OAKS HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2014

	Notes	2014		2013	
		£	£	£	£
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		49,242,757		46,969,870
Less: Social Housing Grant	11.(a)		(26,377,601)		(24,982,633)
: Other Public Grants	11.(a)		(2,639,982)		(2,310,895)
			<u>20,225,174</u>		<u>19,676,342</u>
Other fixed assets	11.(b)		331,371		347,356
			<u>20,556,545</u>		<u>20,023,698</u>
CURRENT ASSETS					
Debtors	13.	603,659		1,166,364	
Development Cost of Housing Property	21.	227,800		127,064	
Cash at bank and in hand		5,638,252		5,642,944	
			<u>6,469,711</u>	<u>6,936,372</u>	
CREDITORS: Amounts falling due within one year	14.	(1,871,165)		(1,930,580)	
NET CURRENT ASSETS			<u>4,598,546</u>	<u>5,005,792</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>25,155,091</u>	<u>25,029,490</u>	
CREDITORS: Amounts falling due after more than one year	15.	(19,108,000)		(19,363,221)	
NET ASSETS			<u>6,047,091</u>	<u>5,666,269</u>	
CAPITAL AND RESERVES					
Share Capital	17.		144		151
Designated Reserves	18.(a)		1,246,577		1,246,577
Revenue Reserves	18.(b)		4,800,370		4,419,541
			<u>6,047,091</u>		<u>5,666,269</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 13 August 2014.

P McGinlay MBE

Chairperson



E McShane

Treasurer



M Mundt

Secretary



GLEN OAKS HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED

31st MARCH 2014

	Notes	£	2014 £	£	2013 £
Net Cash Inflow from Operating Activities	16.		1,862,871		1,539,385
Returns on Investment and Servicing of Finance					
Interest Received		16,568	36,988		
Interest Paid		(929,882)	(952,467)		
Net Cash Outflow from Investment and Servicing of Finance			(913,314)		(915,479)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(3,069,887)	(6,746,670)		
Purchase of Other Fixed Assets		(26,842)	(48,280)		
Social Housing Grant Received		2,038,876	2,121,940		
Social Housing Grant Repaid		(42,080)	-		
Other Grants Received		329,087	-		
Proceeds on Disposal of Properties		64,297	69,512		
Proceeds on Disposal of Other Fixed Assets		-	2		
Net Cash Outflow from Capital Expenditure and Financial Investment			(706,549)		(4,603,496)
Financing					
Loan Principal Repayments		(247,704)	(270,781)		
Share Capital Issued		4	12		
Net Cash Outflow from Financing			(247,700)		(270,769)
Decrease in Cash	16.		(4,692)		(4,250,359)

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

Turnover

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

Value added tax

The association is VAT registered.

Retirement Benefits

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

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
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

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of 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
Vehicles	- 25% per annum

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

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 attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain or loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

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

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2014			2013		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	4,783,037	3,179,083	1,603,954	4,583,372	2,935,284	1,648,088
Other Activities	4.	297,804	611,236	(313,432)	712,639	984,044	(271,405)
Total		5,080,841	3,790,319	1,290,522	5,296,011	3,919,328	1,376,683

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Shared ownership £	2014 Total £	2013 Total £
Income from Lettings				
Rent Receivable Net of Identifiable Service Charges	4,595,030	79,412	4,674,442	4,479,905
Service Charges Receivable	103,577	26,368	129,945	126,439
Gross Rents Receivable	4,698,606	105,780	4,804,386	4,606,344
Less: Rent losses from voids	21,349	-	21,349	22,972
Net Rents Receivable	4,677,257	105,780	4,783,037	4,583,372
Revenue Grants from Scottish Ministers	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-
Total Income From Social Letting	4,677,257	105,780	4,783,037	4,583,372
Expenditure on Social Letting Activities				
Service Costs	136,211	-	136,211	126,749
Management and maintenance administration costs	1,385,207	19,450	1,404,657	1,336,742
Reactive Maintenance	607,318	-	607,318	430,043
Bad Debts - Rents and Service Charges	42,400	-	42,400	52,512
Planned and Cyclical Maintenance, including Major Repairs	302,270	-	302,270	390,603
Depreciation of Social Housing	686,227	-	686,227	598,635
Operating Costs of Social Letting	3,159,633	19,450	3,179,083	2,935,284
Operating Surplus on Social Letting Activities	1,517,625	86,330	1,603,954	1,648,088
2013	1,572,174	75,914		

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. 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 Debts	Operating Costs Other	Operating Surplus / (Deficit) 2014	Operating Surplus / (Deficit) 2013
	£	£	£	£	£	£	£	£	£
Wider Role Activities	76,985	-	-	-	76,985	-	284,964	(207,979)	(171,546)
Factoring	-	-	-	40,763	40,763	-	33,488	7,275	6,349
Development and construction of property activities	-	-	-	-	-	-	98,893	(98,893)	(93,823)
Development of Property for sale	177,230	-	-	-	177,230	-	177,230	-	-
Other Activities	-	-	-	2,826	2,826	-	16,661	(13,835)	(12,385)
Total From Other Activities	254,215	-	-	43,589	297,804	-	611,236	(313,432)	(271,405)
2013	-	-	-	712,639	712,639	-	984,044	(271,405)	-

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

	2014	2013
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>72,143</u>	<u>70,001</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,813</u>	<u>6,614</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>72,143</u>	<u>70,001</u>

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
	1	1
£70,001 to £80,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2014	2013
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	25	25
Staff Costs were:	£	£
Wages and Salaries	865,235	820,161
Social Security Costs	75,599	70,266
Other Pension Costs	155,712	152,197
	<u>1,096,545</u>	<u>1,042,624</u>

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2014	2013
	£	£
Sales Proceeds	64,297	14,295
Cost of Sales	60,676	-
Gain On Sale Of Housing Stock	<u>3,621</u>	<u>14,295</u>

8. INTEREST PAYABLE

	2014	2013
	£	£
On Housing Loans	<u>929,882</u>	<u>952,467</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2013 £0).

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014	2013
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	729,055	
Auditors' Remuneration - Audit Services	9,600	12,729
- Other Services	-	13,932

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Care Home £	Total £
COST					
As at 1st April 2013	47,176,728	1,669,588	1,677,526	1,148,053	51,671,895
Additions	1,011,653	2,058,234	-	-	3,069,887
Disposals	(745,225)	-	-	-	(745,225)
Schemes Completed	3,394,890	(3,394,890)	-	-	-
As at 31st March 2014	<u>50,838,046</u>	<u>332,932</u>	<u>1,677,526</u>	<u>1,148,053</u>	<u>53,996,557</u>
DEPRECIATION					
As at 1st April 2013	4,611,434	6,274	44,365	39,952	4,702,025
Charge for Year	643,900	-	5,861	10,246	660,007
Disposals	(608,232)	-	-	-	(608,232)
As at 31st March 2014	<u>4,647,102</u>	<u>6,274</u>	<u>50,226</u>	<u>50,198</u>	<u>4,753,800</u>
SOCIAL HOUSING GRANT					
As at 1st April 2013	22,479,725	251,762	1,373,639	877,507	24,982,633
Additions	27,429	1,459,685	-	-	1,487,114
Disposals	(92,146)	-	-	-	(92,146)
Schemes Completed	1,390,697	(1,390,697)	-	-	-
As at 31st March 2014	<u>23,805,705</u>	<u>320,750</u>	<u>1,373,639</u>	<u>877,507</u>	<u>26,377,601</u>
OTHER CAPITAL GRANTS					
As at 1st April 2013	2,310,895	-	-	-	2,310,895
Additions	329,087	-	-	-	329,087
As at 31st March 2014	<u>2,639,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,639,982</u>
NET BOOK VALUE					
As at 31st March 2014	<u>19,745,257</u>	<u>5,908</u>	<u>253,661</u>	<u>220,348</u>	<u>20,225,174</u>
As at 31st March 2013	<u>17,774,674</u>	<u>1,411,552</u>	<u>259,522</u>	<u>230,594</u>	<u>19,676,342</u>

Additions to housing properties includes capitalised development administration costs of £nil (2013 - £nil) and capitalised major repair costs to existing properties of £1,011,653 (2013 - £1,191,400).

All land and housing properties are heritable.

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Motor Vehicles £	Office Premises £	Office Furniture & Equipment £	Total £
COST				
As at 1st April 2013	10,183	314,953	340,760	665,896
Additions	-	2,268	24,574	26,842
Eliminated on Disposals	-	-	-	-
As at 31st March 2014	<u>10,183</u>	<u>317,221</u>	<u>365,334</u>	<u>692,738</u>
AGGREGATE DEPRECIATION				
As at 1st April 2013	9,330	50,627	258,583	318,540
Charge for year	853	6,300	35,674	42,827
Eliminated on disposal	-	-	-	-
As at 31st March 2014	<u>10,183</u>	<u>56,927</u>	<u>294,257</u>	<u>361,367</u>
NET BOOK VALUE				
As at 31st March 2014	<u>-</u>	<u>260,294</u>	<u>71,077</u>	<u>331,371</u>
As at 31st March 2013	<u>853</u>	<u>264,326</u>	<u>82,177</u>	<u>347,356</u>

12. CAPITAL COMMITMENTS

	2014 £	2013 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	<u>2,434,752</u>

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBTORS

	2014	2013
	£	£
Arrears of Rent & Service Charges	308,929	263,694
Less: Provision for Doubtful Debts	(115,248)	(96,331)
	<u>193,681</u>	<u>167,363</u>
Social Housing Grant Receivable	-	551,762
Other Debtors	409,979	447,239
	<u>603,659</u>	<u>1,166,364</u>

14. CREDITORS: Amounts falling due within one year

	2014	2013
	£	£
Housing Loans	181,896	174,409
Trade Creditors	178,158	220,185
Rent in Advance	269,414	214,367
Other Taxation and Social Security	-	135,446
Other Creditors	759,565	717,625
Accruals and Deferred Income	482,131	468,548
	<u>1,871,165</u>	<u>1,930,580</u>

15. CREDITORS: Amounts falling due after more than one year

	2014	2013
	£	£
Housing Loans	<u>19,108,000</u>	<u>19,363,221</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	181,896	174,409
Between one and two years	184,863	177,794
Between two and five years	573,002	554,489
In five years or more	18,350,135	18,630,938
	<u>19,289,896</u>	<u>19,537,630</u>
Less: Amount shown in Current Liabilities	181,896	174,409
	<u>19,108,000</u>	<u>19,363,221</u>

Included within loans after five years is £1,797,196 (2013 - £1,865,583) relating to a premium received on the issue of a £14.3m bond. This is being released to the Income and Expenditure Account over the period of the bond

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2014 £	2013 £
Operating Surplus	1,290,522	1,376,683
Depreciation	729,055	636,903
Change in Stock	(100,736)	240,736
Change in Debtors	10,943	(807,475)
Change in Creditors	(66,902)	92,538
Share Capital Written Off	(11)	-
Net Cash Inflow from Operating Activities	1,862,871	1,539,385

<i>Reconciliation of net cash flow to movement in net debt</i>	2014 £	£	2013 £	£
Decrease in Cash	(4,692)		(4,250,359)	
Cash flow from change in debt	247,734		270,781	
Movement in net debt during year		243,042		(3,979,578)
Net debt at 1st April 2013		(13,894,686)		(9,915,108)
Net debt at 31st March 2014		(13,651,644)		(13,894,686)

<i>Analysis of changes in net debt</i>	At 01.04.13 £	Cash Flows £	Other Changes £	At 31.03.14 £
Cash at bank and in hand	5,642,944	(4,692)		5,638,252
Debt: Due within one year	5,642,944	(4,692)		5,638,252
Due after more than one year	(174,409)	247,734	(255,221)	(181,896)
	(19,363,221)	-	255,221	(19,108,000)
Net Debt	(13,894,686)	243,042	-	(13,651,644)

GLEEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2013	151
Issued in year	4
Cancelled in year	(11)
At 31st March 2014	<u>144</u>

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

18. RESERVES

(a) Designated Reserves	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2013	<u>419,556</u>	<u>827,021</u>	<u>1,246,577</u>
At 31st March 2014	<u>419,556</u>	<u>827,021</u>	<u>1,246,577</u>

(b) Revenue Reserves	Total £
At 1st April 2013	<u>4,419,541</u>
Surplus for the year	380,829
At 31st March 2014	<u>4,800,370</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2014 No.	2013 No.
General Needs - New Build	1,250	1,217
Shared Ownership	45	45
	<u>1,295</u>	<u>1,262</u>

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee is summarised as follows:

- 6 members are tenants of the Association
- 1 member is an employee of a relevant local authority

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

21. DEVELOPMENT COST OF HOUSING PROPERTY

	2014 £	2013 £
Shared Equity Properties		
In the course of construction	404,830	127,064
	<hr/>	<hr/>
	404,830	127,064
Less: Grants Received from Scottish Ministers	(177,030)	-
	<hr/>	<hr/>
	227,800	127,064
	<hr/>	<hr/>

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RETIREMENT BENEFIT OBLIGATIONS

General

Glen Oaks Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state 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 one time. An open benefit structure is one which new entrants are able to join.

Glen Oaks Housing Association Limited has elected to operate the Final salary with a 1/60th accrual rate, from 1 April 2011 and the same benefit option for any new entrants.

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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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 19 active members of the Scheme employed by Glen Oaks Housing Association Limited. The annual pensionable payroll in respect of these members was £719,488. Glen Oaks Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers 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.

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2013. 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 £470 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable salaries)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Trustees have recently supplied Glen Oaks Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2014 Glen Oaks Housing Association Limited will be required to pay £177,492 per annum as a contribution to the past service deficit. This is consistent with the current year's contribution to the past service deficit.

As a result of Pension Scheme legislation 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 buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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 currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total 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.