

Glen Oaks Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2015

Registered Housing Association No.HCB 241

FCA Reference No. 2402 R(S)

Scottish Charity No. SC034301

GLEN OAKS HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE BOARD EXECUTIVES AND ADVISERS	1
REPORT OF THE BOARD	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	9
REPORT OF THE AUDITORS	10
INCOME AND EXPENDITURE ACCOUNT	12
BALANCE SHEET	13
CASH FLOW STATEMENT	14
NOTES TO THE FINANCIAL STATEMENTS	15

GLEN OAKS HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2015

BOARD

Mrs E McShane	Chairperson
Mrs P McGinlay MBE	Vice-Chair
Ms K Barker	Treasurer
Mrs M Mundt	Secretary
Mrs H Gracie	
Mr W McNamara	
Mr I McLellan	
Mr A Kirkwood	
Mr M Smith	
Mr J Duncan	
Mr S Gaunt	
Mr J Speirs	resigned 27/05/2015
Mrs S Duguid	appointed 17/09/2014
Mrs M Macdonald	resigned 21/08/2014
Mrs M Lovely	resigned 27/08/2014

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 BOARD FOR THE YEAR ENDED 31ST MARCH 2015

The Board presents its report and the Financial Statements for the year ended 31st March 2015.

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 governed 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).

Financial Review

The Association made a surplus of £309,480 (2014 - £380,829).

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.

**REPORT OF THE BOARD
FOR THE YEAR ENDED 31ST MARCH 2015**

Operational Review

Corporate Governance

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

The Association also has the following sub committees

Audit Sub Committee
Corporate Services Sub Committee
Housing Services Sub Committee
Technical and Health & 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 Board, which is responsible to the wider membership. Board 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.

Customer Engagement

Tenant involvement and participation is extremely important to Glen Oaks. We meet regularly with an established Tenants Association, and we have set up a tenant-led Service Improvement Group.

The Service Improvement Group will be developed and supported through training provided by TIS to become an effective tenant scrutiny group.

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 these, training needs assessment is carried out and the appropriate training programme prepared for the year. The Association is committed to involving staff in decision-making and policy making. As such we also have two staff review days each year. We also involve our Board 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 Board, 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.

**REPORT OF THE BOARD
FOR THE YEAR ENDED 31ST MARCH 2015**

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.

Development Issues

The Association has developed the plans for the next phase of new build properties in Arden. This development should commence in 2015 and will provide 48 flats and houses for mainstream rent.

Housing Issues

Many key housing service policy 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 and prepare for the introduction of Universal Credit. We applied for and were successful in being awarded funding from the Big Lottery and People and Communities Fund. This funding will allow us to develop services to assist our most vulnerable tenants with financial capability, energy advice and on-line services. We continue to work closely with many local partners supporting tenants in the sustainment of their tenancy. We have maintained rent arrears levels and continue to work towards minimising void levels.

Communities Issues

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

Property Maintenance

The first phase of a kitchen and bathroom replacement contract commenced in 2015-16 as well as a full programme of cyclical maintenance which included: -

- External and internal paintwork
- Gas servicing
- 6 monthly inspections of common water tanks
- Roof anchor inspections
- Gutter cleaning

**REPORT OF THE BOARD
FOR THE YEAR ENDED 31ST MARCH 2015**

Finance and IT Issues

The Association continues to invest in the development of our IT framework. During the year we carried out a tender process for new Housing and Finance Software. This project commenced in the first Quarter of 2015.

Scottish Housing Quality Standard (SHQS)

The Association has achieved 98% compliance with the SHQS.

Other Areas

Risk Management Policy

The Board has, with advice from its 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 Board has reviewed the adequacy of the Association's current internal controls.

In addition, the Board has 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;
- clarified the responsibility of management to implement policies and identify and to evaluate risks;
- 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 and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the Board together with details of corrective action being undertaken.

Volunteers

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

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 3.7%.

GLEN OAKS HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2015

Budgetary process

Each year the Board approves the annual budget. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board 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 Board. 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 Board.

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.

Board and officers Insurance

Glen Oaks has purchased and maintains insurance to cover its Board 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.

**REPORT OF THE BOARD
FOR THE YEAR ENDED 31ST MARCH 2015**

Board and Executive Officers

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

Each member of the Board 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 Board.

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

Statement of Board's Responsibilities

The Co-operative & Community Benefit Societies Act 2014 requires the Board to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Board 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 Board 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 Board 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.

In so far as the Board are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

REPORT OF THE BOARD
FOR THE YEAR ENDED 31ST MARCH 2015

Statement on Internal Financial Control

The Board 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 Board'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 Board 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;
- Quarterly 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;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a 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.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations of £651 (2014: £414).

Auditors

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

By order of the Board

MRS M MUNDT
Secretary
12 August 2015



REPORT BY THE AUDITORS TO THE MEMBERS 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 Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

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 Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 8 as provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW

27 August 2015

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 2015 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 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 Board and Auditors

As explained more fully in the Statement of Board's Responsibilities the Association's Board, is 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 Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board'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 2015 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.

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

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 Board's Report is inconsistent with the financial statements.
- 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

ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW

27 August 2015

GLEEN OAKS HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
TURNOVER	2.		5,177,007		5,080,841
Operating Costs	2.		<u>(3,969,171)</u>		<u>(3,790,319)</u>
OPERATING SURPLUS	9.		1,207,836		1,290,522
Gain On Sale Of Housing Stock	7.	6,760		3,621	
Interest Receivable and Other Income		19,110		16,568	
Interest Payable and Similar Charges	8.	<u>(924,226)</u>		<u>(929,882)</u>	
			<u>(898,356)</u>		<u>(909,693)</u>
SURPLUS ON ORDINARY ACTIVITIES			<u>309,480</u>		<u>380,829</u>

All amounts relate to continuing activities.

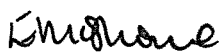
All recognised surpluses and deficits have been included in the Income & Expenditure Account.

GLEN OAKS HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

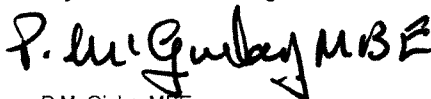
	Notes	2015	2014
		£	£
TANGIBLE FIXED ASSETS			
Housing Properties - Depreciated Cost	11.(a)	49,517,321	49,242,757
Less: Social Housing Grant	11.(a)	(26,449,127)	(26,377,601)
: Other Public Grants	11.(a)	(2,564,682)	(2,639,982)
		<hr/>	<hr/>
Other fixed assets	11.(b)	20,503,512	20,225,174
		473,319	331,371
		<hr/>	<hr/>
		20,976,831	20,556,545
CURRENT ASSETS			
Debtors	13.	512,692	603,659
Development Cost of Housing Property	21.	-	227,800
Cash at bank and in hand		5,643,818	5,638,252
		<hr/>	<hr/>
		6,156,510	6,469,711
CREDITORS: Amounts falling due within one year	14.	(1,907,967)	(1,871,165)
		<hr/>	<hr/>
NET CURRENT ASSETS		4,248,543	4,598,546
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		25,225,374	25,155,091
		<hr/>	<hr/>
CREDITORS: Amounts falling due after more than one year	15.	(18,868,818)	(19,108,000)
		<hr/>	<hr/>
NET ASSETS		6,356,556	6,047,091
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share Capital	17.	129	144
Designated Reserves	18.(a)	1,246,577	1,246,577
Revenue Reserves	18.(b)	5,109,850	4,800,370
		<hr/>	<hr/>
		6,356,556	6,047,091
		<hr/>	<hr/>

The Financial Statements were approved by the Board and signed on their behalf on 12 August 2015.



E McShane

Chairperson



P McGinlay MBE

Vice-Chairperson

M Mundt

Secretary



GLEN OAKS HOUSING ASSOCIATION LIMITED

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2015**

	Notes	2015	2014
		£	£
Net Cash Inflow from Operating Activities	16.	2,533,067	1,862,871
Returns on Investment and Servicing of Finance			
Interest Received		19,110	16,568
Interest Paid		(924,226)	(929,882)
Net Cash Outflow from Investment and Servicing of Finance		(905,116)	(913,314)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(1,285,626)	(3,069,887)
Purchase of Other Fixed Assets		(186,817)	(26,842)
Social Housing Grant Received		30,669	2,038,876
Social Housing Grant Repaid		(89,833)	(42,080)
Other Grants Received		-	329,087
Proceeds on Disposal of Properties		160,168	64,297
Net Cash Outflow from Capital Expenditure and Financial Investment		(1,371,439)	(706,549)
Net Cash Inflow before use of Liquid Resources and Financing		256,512	243,008
Financing			
Loan Principal Repayments		(250,954)	(247,704)
Share Capital Issued		8	4
Net Cash Outflow from Financing		(250,946)	(247,700)
Increase / (decrease) in Cash	16.	5,566	(4,692)

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 2015

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 and 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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	5,050,260	3,387,744	1,662,516	4,783,037	3,179,083	1,603,954
Other Activities	4.	126,747	581,427	(454,680)	297,804	611,236	(313,432)
Total		5,177,007	3,969,171	1,207,836	5,080,841	3,790,319	1,290,522

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General		2015 Total £	2014 Total £
	Needs Housing £	Shared ownership £		
Income from Lettings				
Rent Receivable Net of Identifiable Service Charges	4,879,394	78,763	4,958,157	4,674,441
Service Charges Receivable	98,912	26,939	125,851	129,945
Gross Rents Receivable	4,978,306	105,702	5,084,008	4,804,386
Less: Rent losses from voids	32,536	1,212	33,748	21,349
Net Rents Receivable	4,945,770	104,490	5,050,260	4,783,037
Total Income From Social Letting	4,945,770	104,490	5,050,260	4,783,037
Expenditure on Social Letting Activities				
Service Costs	133,610	-	133,610	136,211
Management and maintenance administration costs	1,456,187	15,600	1,471,787	1,404,657
Reactive Maintenance	632,050	-	632,050	607,318
Bad Debts - Rents and Service Charges	90,227	-	90,227	42,400
Planned and Cyclical Maintenance, including Major Repairs	307,004	-	307,004	302,270
Depreciation of Social Housing	753,066	-	753,066	686,227
Operating Costs of Social Letting	3,372,144	15,600	3,387,744	3,179,083
Operating Surplus on Social Letting Activities	1,573,626	88,890	1,662,516	1,603,954
2014	1,517,625	86,330		

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2015	Operating Surplus / (Deficit) 2014
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	73,394	73,394	-	371,408	(298,014)	(207,979)
Factoring	-	-	-	49,620	49,620	-	66,895	(17,275)	7,275
Development and construction of property activities	-	-	-	-	-	-	109,405	(109,405)	(98,893)
Other Activities	-	-	-	3,733	3,733	-	33,719	(29,986)	(13,835)
Total From Other Activities	-	-	-	126,747	126,747	-	581,427	(454,680)	(313,432)
2014	254,215	-	-	43,589	297,804	-	611,236	(313,432)	

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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.

	2015	2014
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>73,379</u>	<u>72,143</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>8,930</u>	<u>6,813</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>73,379</u>	<u>72,143</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
£70,001 to £80,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>25</u>	<u>25</u>
Staff Costs were:	£	£
Wages and Salaries	934,562	865,235
Social Security Costs	80,235	75,599
Other Pension Costs	260,819	155,712
	<u>1,275,616</u>	<u>1,096,545</u>

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	160,168	64,297
Cost of Sales	<u>153,408</u>	<u>60,676</u>
Gain On Sale Of Housing Stock	<u>6,760</u>	<u>3,621</u>

8. INTEREST PAYABLE

	2015	2014
	£	£
On Housing Loans	<u>924,226</u>	<u>929,882</u>

9. OPERATING SURPLUS

	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	767,096	729,055
Auditors' Remuneration - Audit Services	<u>9,720</u>	<u>9,600</u>

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 2015

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 2014	50,838,046	332,932	1,677,526	1,148,053	53,996,557
Additions	989,168	272,708	23,750	-	1,285,626
Disposals	(346,066)	-	(60,362)	-	(406,428)
As at 31st March 2015	51,481,148	605,640	1,640,914	1,148,053	54,875,755
DEPRECIATION					
As at 1st April 2014	4,647,102	6,274	50,226	50,198	4,753,800
Charge for Year	706,206	-	5,776	10,245	722,227
Disposals	(117,593)	-	-	-	(117,593)
As at 31st March 2015	5,235,715	6,274	56,002	60,443	5,358,434
SOCIAL HOUSING GRANT					
As at 1st April 2014	23,805,705	320,750	1,373,639	877,507	26,377,601
Additions	33,683	232,266	-	-	265,949
Disposals	(167,823)	-	(26,600)	-	(194,423)
As at 31st March 2015	23,671,565	553,016	1,347,039	877,507	26,449,127
OTHER CAPITAL GRANTS					
As at 1st April 2014	2,639,982	-	-	-	2,639,982
Disposals	(75,300)	-	-	-	(75,300)
As at 31st March 2015	2,564,682	-	-	-	2,564,682
NET BOOK VALUE					
As at 31st March 2015	20,009,186	46,350	237,873	210,103	20,503,512
As at 31st March 2014	19,745,257	5,908	253,661	220,348	20,225,174

Additions to housing properties includes capitalised development administration costs of £nil (2014 - £nil) and capitalised major repair costs to existing properties of £989,168 (2014 £1,011,653).

All land and housing properties are heritable.

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 2014	10,183	317,221	365,334	692,738
Additions	-	36,270	150,547	186,817
Eliminated on Disposals	-	-	(142,908)	(142,908)
As at 31st March 2015	10,183	353,491	372,973	736,647
AGGREGATE DEPRECIATION				
As at 1st April 2014	10,183	56,927	294,257	361,367
Charge for year	-	6,815	38,054	44,869
Eliminated on disposal	-	-	(142,908)	(142,908)
As at 31st March 2015	10,183	63,742	189,403	263,328
NET BOOK VALUE				
As at 31st March 2015	-	289,749	183,570	473,319
As at 31st March 2014	-	260,294	71,077	331,371

12. CAPITAL COMMITMENTS

	2015 £	2014 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	144,314	-

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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBTORS

	2015	2014
	£	£
Arrears of Rent & Service Charges	334,039	308,929
Less: Provision for Doubtful Debts	(129,240)	(115,248)
	<u>204,799</u>	<u>193,681</u>
Social Housing Grant Receivable	235,280	-
Other Debtors	72,613	409,979
	<u>512,692</u>	<u>603,659</u>

14. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Housing Loans	170,124	181,896
Trade Creditors	218,958	178,158
Rent in Advance	269,273	269,414
Other Creditors	861,300	759,566
Accruals and Deferred Income	388,312	482,131
	<u>1,907,967</u>	<u>1,871,165</u>

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

	2015	2014
	£	£
Housing Loans	<u>18,868,818</u>	<u>19,108,000</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	170,124	181,896
Between one and two years	173,035	184,863
Between two and five years	537,192	573,002
In five years or more	18,158,591	18,350,135
	<u>19,038,942</u>	<u>19,289,896</u>
Less: Amount shown in Current Liabilities	170,124	181,896
	<u>18,868,818</u>	<u>19,108,000</u>

Included within loans after five years is £1,728,436 (2014 - £1,797,196) 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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	1,207,836	1,290,522
Depreciation	797,933	729,055
Change in properties developed for resale	227,800	(100,736)
Change in Debtors	250,947	10,943
Change in Creditors	48,574	(66,902)
Share Capital Written Off	(23)	(11)
Net Cash Inflow from Operating Activities	<u>2,533,067</u>	<u>1,862,871</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	£	2014 £	£
Increase / (decrease) in Cash	5,566		(4,692)	
Cash flow from change in debt	<u>250,954</u>		<u>247,734</u>	
Movement in net debt during year		256,520		243,042
Net debt at 1st April 2014		<u>(13,651,644)</u>		<u>(13,894,686)</u>
Net debt at 31st March 2015		<u><u>(13,395,124)</u></u>		<u><u>(13,651,644)</u></u>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	<u>5,638,252</u>	5,566		<u>5,643,818</u>
Debt: Due within one year	5,638,252	5,566		5,643,818
Due after more than one year	(181,896)	250,954	(239,182)	(170,124)
	<u>(19,108,000)</u>	-	239,182	<u>(18,868,818)</u>
Net Debt	<u><u>(13,651,644)</u></u>	<u>256,520</u>	-	<u><u>(13,395,124)</u></u>

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	144
Issued in year	8
Cancelled in year	<u>(23)</u>
At 31st March 2015	<u>129</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 2014	419,556	827,021	1,246,577
At 31st March 2015	<u>419,556</u>	<u>827,021</u>	<u>1,246,577</u>
 (b) Revenue Reserves			Total
			£
At 1st April 2014			4,800,370
Surplus for the year			309,480
At 31st March 2015			<u>5,109,850</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015	2014
	No.	No.
General Needs - New Build	1,246	1,250
Shared Ownership	44	45
	<u>1,290</u>	<u>1,295</u>

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS

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

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

- 7 members are tenants of the Association
- 1 member is a factored owner
- 1 member is on the SFHA Board

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

	2015	2014
	£	£
Shared Equity Properties		
In the course of construction	-	404,830
	-	404,830
Less: Grants Received from Scottish Ministers	-	(177,030)
	-	227,800

GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. 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 12.3% of pensionable salaries. Member contributions were 12.3%.

As at the balance sheet date there were 18 active members of the Scheme employed by Glen Oaks Housing Association Limited. The annual pensionable payroll in respect of these members was £932,309. 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 2015

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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. 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 2015 Glen Oaks Housing Association Limited will be required to pay £182,570 per annum as a contribution to the past service deficit. This will represent an increase of 3% in Glen Oaks Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

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.