

# **Glen Oaks Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2016**

**Registered Housing Association No.HCB 241**

**FCA Reference No. 2402 R(S)**

**Scottish Charity No. SCO34301**

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## BOARD, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2016

### BOARD

Mrs E McShane	Chair
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	
Mrs S Duguid	
Mr L Lawson	Appointed 16 September 2016
Mr J Walls	Appointed 16 September 2015
Father M Kane	Appointed 27 January 2016

### 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

### INTERNAL AUDITORS

Henderson Loggie  
The Vision Building  
20 Greenmarket  
Dundee  
DD1 4QB

### 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

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

The Board presents its report and the Financial Statements for the year ended 31st March 2016.

### 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 SCO34301.

### 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 £295,131 (2015 - £637,898).

### 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 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.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

### 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 of 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 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 the 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.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

### **Best use of resources**

We regularly conduct risk assessments, and take any necessary action 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 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 Housing SORP 2014, 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 Statement of Comprehensive Income.

### **Development Issues**

The Association commenced the next phase of new-build properties in Arden during the year. The development will provide 48 houses and flats 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 manage Universal Credit. We were successful in being awarded funding from the Big Lottery and People and Communities Fund. This funding has allowed us to develop the 'starting out' project which assists our most vulnerable tenants with financial capability, energy advice and online services. We continue to work closely with many local partners supporting tenants in the sustainment of their tenancy. We have continued to see reductions in rent arrears, turnover and void rent loss.

### **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 is the Workingrite project.

### **Property Maintenance**

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

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

### **Finance and IT issues**

The Association continues to invest in the development of our IT framework. We are working towards the implementation of new Housing and Finance software.

### **Scottish housing quality standard (SHQS)**

The Association has achieved 97% compliance with SHQS.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

### Risk Management Policy

The Association has a formal risk management process to assess business risks and implement risk management strategies. This involves 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 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;
- clarifying the responsibility of management to implement policies and identify and evaluate risks;
- communicating that employees have responsibility for internal control as part of their accountability for achieving objectives;
- embedding the control system in the RSL's operations so that it becomes part of the culture of the Association;
- developing systems to respond quickly to evolving risks arising from factors within and to changes in the external environment; and
- including procedures for reporting failings immediately to appropriate levels of management and the Board together with details of corrective action being taken.

### 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 2.8%.

### 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 the 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.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

### **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 ethical standards expected are communicated through the Chief Executive.

### **Sale 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 initiatives and maintaining Health & Safety standards in all areas.

### **Disabled Employees**

Applications for employment from 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 retain 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 Associations rules.

### **Future developments**

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

### **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.



# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

### Statement of Board's Responsibilities

The Co-operative and Community Benefit 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 2014 and the Determination of Accounting Requirements - 2015. 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 Statement of Comprehensive Income and Statement of Financial Position, 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.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

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### 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 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.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2016. No weaknesses were found in the 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.

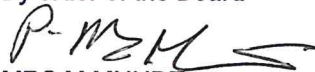
### Donations

During the year the Association made charitable donations amounting to £1,362 (2015 - £651).

### 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

17 August 2016

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## 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 in 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 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 relevant Regulatory Standards with 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 the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls .

A handwritten signature in black ink, appearing to read 'Alexander Sloan'.

**ALEXANDER SLOAN**  
Chartered Accountants

GLASGOW

30 August 2016

We have audited the financial statements of Glen Oaks Housing Association Limited for the year ended 31st March 2016 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity 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 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 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 2016 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 2014 and the Determination of Accounting Requirements 2015.

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

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**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 Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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

*30 August 2016*

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016 £	2015 £
REVENUE	2.	6,301,528	5,493,885
Operating Costs	2.	(5,034,045)	(3,798,322)
<b>OPERATING SURPLUS</b>	9.	1,267,483	1,695,563
Gain / (Loss) On Sale Of Housing Stock	7.	4,453	(97,829)
Interest Receivable and Other Income		16,214	19,110
Interest Payable and Similar Charges	8.	(921,859)	(924,226)
Other Finance Charges	11.	(71,160)	(54,720)
		(972,352)	(1,057,665)
<b>SURPLUS FOR YEAR</b>		295,131	637,898
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		295,131	637,898
Tax on surplus on ordinary activities	10.	-	-
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		295,131	637,898

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The notes on pages 16 to 31 form part of these financial statements.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016


	Notes	2016	2015
		£	£
<b>NON-CURRENT ASSETS</b>			
Housing Properties - Depreciated Cost	12.(a)	46,396,811	45,351,297
Other Non Current Assets	12.(b)	479,450	473,319
		<u>46,876,261</u>	<u>45,824,616</u>
<b>INVESTMENTS</b>			
Investment properties	24.	27,455	25,891
		<u>27,455</u>	<u>25,891</u>
<b>CURRENT ASSETS</b>			
Receivables	14.	928,280	512,692
Cash at bank and in hand		6,075,185	5,643,818
		<u>7,003,465</u>	<u>6,156,510</u>
<b>CREDITORS: Amounts falling due within one year</b>	15.	(2,872,338)	(2,081,657)
<b>NET CURRENT ASSETS</b>		<u>4,131,127</u>	<u>4,074,853</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		51,034,843	49,925,360
<b>CREDITORS: Amounts falling due after more than one year</b>	16.	(19,510,977)	(19,926,873)
<b>DEFERRED INCOME</b>			
Social Housing Grants	18.	(23,259,878)	(22,005,732)
Other Grants	18.	(2,318,086)	(2,341,983)
		<u>(25,577,964)</u>	<u>(24,347,715)</u>
<b>NET ASSETS</b>		<u>5,945,902</u>	<u>5,650,772</u>
<b>EQUITY</b>			
Share Capital	19.	128	129
Revenue Reserves		5,945,774	5,650,643
		<u>5,945,902</u>	<u>5,650,772</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The Financial Statements were approved by the Board and authorised for issue and signed on their behalf on 17 August 2016.

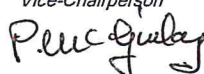
E McShane

Chairperson



P McGinley MBE

Vice-Chairperson



M Mundt

Secretary



The notes on pages 16 to 31 form part of these financial statements.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016 £	2015 £
<b>Net Cash Inflow from Operating Activities</b>	17.	2,978,666	2,533,067
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(2,609,562)	(1,285,626)	
Purchase of Other Fixed Assets	(93,335)	(186,817)	
Social Housing Grant Received	1,311,649	30,669	
Social Housing Grant Repaid	-	(89,833)	
Proceeds on Disposal of Properties	15,876	160,168	
<b>Net Cash Outflow from Investing Activities</b>		(1,375,372)	(1,371,439)
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents	16,214	19,110	
Interest Paid on Loans	(921,859)	(924,226)	
Loan Principal Repayments	(266,286)	(250,954)	
Share Capital Issued	4	8	
<b>Net Cash Outflow from Financing</b>		(1,171,927)	(1,156,062)
<b>Increase in Cash</b>		431,367	5,566
<b>Opening Cash &amp; Cash Equivalents</b>		5,643,818	5,638,252
<b>Closing Cash &amp; Cash Equivalents</b>		6,075,185	5,643,818
<b>Cash and Cash equivalents as at 31 March 2016</b>			
Bank and cash		6,075,185	5,643,818
		6,075,185	5,643,818

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The notes on pages 16 to 31 form part of these financial statements.



# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1st April 2014	144	5,012,745	5,012,889
Issue of Shares	8	-	8
Cancellation of Shares	(23)	-	(23)
Surplus for Year	-	637,898	637,898
<b>Balance as at 31st March 2015</b>	<b>129</b>	<b>5,650,643</b>	<b>5,650,772</b>
Balance as at 1st April 2015	129	5,650,643	5,650,772
Issue of Shares	4	-	4
Cancellation of Shares	(5)	-	(5)
Surplus for Year	-	295,131	295,131
<b>Balance as at 31st March 2016</b>	<b>128</b>	<b>5,945,774</b>	<b>5,945,902</b>

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

The notes on pages 16 to 31 form part of these financial statements.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

##### Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the structure of the Housing Properties which is 100 years.

##### Value added tax

The association is VAT registered.

##### Retirement Benefits

The Association participates in the Scottish Housing Association Defined Contribution Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

##### Valuation Of Housing Properties

Housing Properties are stated at cost 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 12. 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>
Kitchens	Over 15 years
Bathrooms	Over 20 years
Boilers/fires	Over 15 years
Windows/doors	Over 25 years
Land	Not depreciated
Structure	Over 100 years
Roofs	Over 60 years
Mechanical Systems	Over 30 years
Electrics	Over 30 years

##### Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the life of the lease. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### **Depreciation And Impairment Of Other Non-Current Assets**

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

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

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

#### **Social Housing Grant And Other Grants In Advance/Arrears**

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the structure of the Housing Properties which is 100 years.

Social Housing Grant attributed to individual components is written off to the Statement of comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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 non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

#### **Estimation Uncertainty**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

##### *Rent Arrears - Bad Debt Provision*

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place and court action.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### *Life Cycle of Components*

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

#### *Useful life of properties, plant and equipment*

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this.

#### *Costs of shared ownership*

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

### **Key Judgements made in the application of Accounting Policies**

#### *a) Exemptions taken in the transition to FRS 102*

The Association has considered and taken advantage of the following exemptions in its first time application of FRS 102:

- i) The Association has not revisited previous accounting estimates
- ii) The Association has not revisited the accounting of previous business combinations

#### *b) The Categorisation of Housing Properties*

In the judgement of the Board, the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

#### *c) Identification of cash generating units*

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

#### *d) Pension Liability*

We have calculated the SHAPS past service deficit liability using the latest accounting estimates available, these being based on the 2015 triennial valuation, and believe these represent a fair estimate of the liability due.

#### *e) Financial Instrument Break Clause*

The Association has considered the break clauses attached to the Financial Instruments that it has. In the judgement of the Board these break clauses do not cause the Financial Instrument to be classified as a Complex Financial Instrument, and therefore they meet the definition of a Basic Financial Instrument.

### **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.

### **Financial Instruments - Basic**

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	Notes	2016			2015		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	6,072,058	4,330,972	1,741,086	5,367,138	3,216,895	2,150,243
Other Activities	4.	229,470	703,073	(473,603)	126,747	581,427	(454,680)
<b>Total</b>		<b>6,301,528</b>	<b>5,034,045</b>	<b>1,267,483</b>	<b>5,493,885</b>	<b>3,798,322</b>	<b>1,695,563</b>

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General		2016 Total £	2015 Total £
	Needs Housing £	Shared ownership £		
<b>Revenue from Lettings</b>				
Rent Receivable Net of Service Charges	4,991,491	107,522	5,099,013	4,958,157
Service Charges	134,916	-	134,916	125,851
<b>Gross income from rent and service charges</b>	<b>5,126,407</b>	<b>107,522</b>	<b>5,233,929</b>	<b>5,084,008</b>
Less: Rent losses from voids	26,404	65	26,469	33,748
<b>Net Rents Receivable</b>	<b>5,100,003</b>	<b>107,457</b>	<b>5,207,460</b>	<b>5,050,260</b>
Grants released from deferred income	864,598	-	864,598	316,878
<b>Total turnover from affordable letting activities</b>	<b>5,964,601</b>	<b>107,457</b>	<b>6,072,058</b>	<b>5,367,138</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	1,393,216	14,720	1,407,936	1,180,410
Service Costs	173,988	-	173,988	133,610
Planned and cyclical maintenance, including major repairs	417,323	-	417,323	307,004
Reactive maintenance costs	646,558	-	646,558	632,050
Bad Debts - rents and service charges	45,017	-	45,017	90,227
Depreciation of affordable let properties	1,569,117	71,033	1,640,150	873,594
<b>Operating costs of affordable letting activities</b>	<b>4,245,219</b>	<b>85,753</b>	<b>4,330,972</b>	<b>3,216,895</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,719,382</b>	<b>21,704</b>	<b>1,741,086</b>	<b>2,150,243</b>
<b>2015</b>	<b>2,061,353</b>	<b>88,890</b>		

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 4. PARTICULARS OF REVENUE, 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) 2016	Operating Surplus / (Deficit) 2015
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	169,161	-	-	169,161	-	441,907	(272,746)	(298,014)
Factoring	-	-	-	49,303	49,303	-	65,083	(15,780)	(17,275)
Development and construction of property activities	-	-	-	-	-	-	163,864	(163,864)	(109,405)
Other activities	-	7,847	-	3,159	11,006	-	32,219	(21,213)	(29,986)
<b>Total From Other Activities</b>	-	<b>177,008</b>	-	<b>52,462</b>	<b>229,470</b>	-	<b>703,073</b>	<b>(473,603)</b>	<b>(454,680)</b>
2015	-	-	-	126,747	126,747	-	581,427	(454,680)	

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Compensation paid to key management personnel

2016	2015
£	£
206,596	73,379
24,332	8,930
73,750	73,379
246,327	253,581

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
£60,001 to £70,000	2	-
£70,001 to £80,000	1	1

#### 6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was

The average total number of Employees employed during the year was

Staff Costs were:

Wages and Salaries  
Social Security Costs  
Other Pension Costs

2016	2015
No.	No.
28	25
32	25
£	£
1,051,985	934,562
92,348	80,235
97,433	89,819
1,241,766	1,104,616

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. GAIN / (LOSS) ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	15,876	160,168
Cost of Sales	11,423	257,997
Gain / (Loss) On Sale Of Housing Stock	<u>4,453</u>	<u>(97,829)</u>

## 8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>921,859</u>	<u>924,226</u>

## 9. SURPLUS FOR YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	1,129,838	873,594
Auditors' Remuneration - Audit Services	9,900	9,720
Auditors' Remuneration - Other Services	<u>1,014</u>	<u>-</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.

## 11. OTHER FINANCE INCOME / CHARGES

	2016	2015
	£	£
Unwinding of Discounted Liabilities	<u>71,160</u>	<u>54,720</u>



# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Care Home £	Total £
<b>COST</b>					
As at 1st April 2015	51,470,582	605,640	1,768,717	1,148,053	54,992,992
Additions	855,417	1,841,670	-	-	2,697,087
Disposals	(754,466)	-	-	-	(754,466)
As at 31st March 2016	<u>51,571,533</u>	<u>2,447,310</u>	<u>1,768,717</u>	<u>1,148,053</u>	<u>56,935,613</u>
<b>DEPRECIATION</b>					
As at 1st April 2015	8,176,369	-	1,363,794	101,532	9,641,695
Charge for Year	954,079	-	71,633	16,922	1,042,634
Disposals	(145,527)	-	-	-	(145,527)
As at 31st March 2016	<u>8,984,921</u>	<u>-</u>	<u>1,435,427</u>	<u>118,454</u>	<u>10,538,802</u>
<b>NET BOOK VALUE</b>					
As at 31st March 2016	<u>42,586,612</u>	<u>2,447,310</u>	<u>333,290</u>	<u>1,029,599</u>	<u>46,396,811</u>
As at 31st March 2015	<u>43,294,213</u>	<u>605,640</u>	<u>404,923</u>	<u>1,046,521</u>	<u>45,351,297</u>

Additions to housing properties includes capitalised development administration costs of £nil (2015 - £nil) and capitalised major repair costs to existing properties of £855,417 (2015 - £989,168).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £1,272,740. The amount capitalised is £855,417, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £578,617 and improvement of £276,800.

The Association's Lenders have standard securities over Housing Property with a carrying value of £34,452,947 (2015 - £34,835,959).

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Motor Vehicles £	Office Premises £	Office Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2015	10,183	353,491	372,973	736,647
Additions	-	882	92,453	93,335
As at 31st March 2016	<u>10,183</u>	<u>354,373</u>	<u>465,426</u>	<u>829,982</u>
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2015	10,183	63,742	189,403	263,328
Charge for year	-	7,069	80,135	87,204
As at 31st March 2016	<u>10,183</u>	<u>70,811</u>	<u>269,538</u>	<u>350,532</u>
<b>NET BOOK VALUE</b>				
As at 31st March 2016	<u>-</u>	<u>283,562</u>	<u>195,888</u>	<u>479,450</u>
As at 31st March 2015	<u>-</u>	<u>289,749</u>	<u>183,570</u>	<u>473,319</u>

## 13. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>3,938,574</u>	<u>144,314</u>

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

## 14. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Arrears of Rent & Service Charges	345,779	334,039
Less: Provision for Doubtful Debts	(142,151)	(129,240)
	<u>203,628</u>	<u>204,799</u>
Social Housing Grant Receivable	626,879	235,280
Other Receivables	97,773	72,613
	<u>928,280</u>	<u>512,692</u>

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Housing Loans	207,933	170,124
Trade Payables	907,128	218,958
Rent in Advance	288,105	269,273
Other Taxation and Social Security	3,830	-
Other Payables	866,535	861,300
Liability for Past Service Contributions	179,651	173,690
Accruals and Deferred Income	419,156	388,312
	<u>2,872,338</u>	<u>2,081,657</u>

At the balance sheet date there were pension contributions outstanding of £3,830 (2015 - £nil).

## 16. PAYABLES: AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Housing Loans	18,564,724	18,868,818
Liability for Past Service Contributions	946,253	1,058,055
	<u>19,510,977</u>	<u>19,926,873</u>
<i>Housing Loans</i>		
Amounts due within one year	207,933	170,124
Amounts due in one year or more but less than two years	211,634	173,035
Amounts due in two years or more but less than five years	657,922	537,192
Amounts due in more than five years	17,695,167	18,158,591
	<u>18,772,656</u>	<u>19,038,942</u>
Less: Amount shown in Current Liabilities	207,933	170,124
	<u>18,564,723</u>	<u>18,868,818</u>
<i>Liability for Past Service Contributions</i>		
Amounts due within one year	179,651	173,690
Amounts due in one year or more but less than two years	191,079	172,714
Amounts due in two years or more but less than five years	577,323	543,000
Amounts due in more than five years	177,852	342,342
	<u>1,125,904</u>	<u>1,231,745</u>

Included within loans after five years is £1,659,865 (2015-£1,728,436) relating to a premium received on the issue of a £14.3m bond. This is being released to the Statement of Comprehensive Income over the period of the bond.

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
Nationwide	Standard Security over 5 properties	3.59%	2033	Variable
Nationwide	Standard Security over 33 properties	1.04%	2030	Variable
Nationwide	Standard Security over 22 properties	3.59%	2033	Variable
Nationwide	Standard Security over 53 properties	1.04%	2034	Variable
Clydesdale	Standard Security over 28 properties	2.51%	2035	Variable
RBS	Standard Security over 79 properties	1.99%	2025	Variable
THFC	Standard Security over 919 properties	6.35%	2039	Fixed

All of the Association's bank borrowings are repayable in a monthly basis with the principal being amortised over the term of the loans.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.635% (2015 - 3.582%).

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2016 £	2015 £
Operating Surplus	1,267,483	1,695,563
Depreciation	1,727,354	873,594
Change in properties developed for resale	-	227,800
Amortisation of Capital Grants	(295,802)	(316,878)
Change in debtors	(23,989)	250,947
Change in creditors	374,785	(143,216)
Unwinding of Discount on Pension Liability	(71,160)	(54,720)
Share Capital Written Off	(5)	(23)
	<u>2,978,666</u>	<u>2,533,067</u>

## 18. DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	22,005,732	22,392,778
Additions in year	2,094,847	265,949
Released / Repaid as the result of property disposal	(568,796)	(360,015)
Amortisation in Year	(271,905)	(292,980)
Balance as at 31st March 2016	<u>23,259,878</u>	<u>22,005,732</u>
<i>Other Grants</i>		
Balance as at 1st April 2015	2,341,983	2,365,881
Amortisation in Year	(23,897)	(23,898)
Balance as at 31st March 2016	<u>2,318,086</u>	<u>2,341,983</u>
Total	<u>25,577,964</u>	<u>24,347,715</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2016 £	2015 £
Amounts due within one year	295,802	316,878
Amounts due after one year or more	25,282,162	24,030,837
	<u>25,577,964</u>	<u>24,347,715</u>

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	129
Issued in year	4
Cancelled in year	<u>(5)</u>
At 31st March 2016	<u>128</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.

## 20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016	2015
	No.	No.
General Needs - New Build	1,251	1,246
Shared Ownership	44	44
	<u>1,295</u>	<u>1,290</u>

## 21. RELATED PARTY TRANSACTIONS

Members of the are related parties of the Association as defined by Financial Reporting Standard 102.

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.

Transactions with governing body members (and their close family) were as follows:

Rent Received from Tenants on the Board and their close family	£ <u>43,232</u>
--	--------------------

At the year end total rent arrears owed by close family of members of the Board were £2,198.

There were no members of the Board in arrears at 31 March 2016.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 3 Kilmuir Drive, Arden, Glasgow, G46 8BW.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in the greater Pollok area of South West Glasgow.

## 23. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £1,271 in the year by way of reimbursement of expenses (2015 - £1,664). No remuneration is paid to Board members in respect of their duties in the Association.

## 24. INVESTMENTS

<u>Investment properties</u>	Commercial Properties	Total
Valuation		
As at 1 April 2015	25,891	25,891
Additions	-	-
Disposals	-	-
Revaluation taken to operating surplus	1,564	1,564
	<u>27,455</u>	<u>27,455</u>

Commercial properties were valued by an independent professional adviser, JLL, in June 2016 on an EUV-SH Basis.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 25. 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 contracted out of the state scheme.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings (CARE) with a 1/60th accrual rate
- Career average revalued earnings (CARE) with a 1/70th accrual rate
- Career average revalued earnings (CARE) with a 1/80th accrual rate
- Career average revalued earnings (CARE) with a 1/120th accrual rate, contracted in
- Defined contribution

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 defined contribution scheme for all active members from 1st March 2016. This replaces the final salary with a 1/60th accrual rate defined benefit scheme offered previously.

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.

### Defined Contribution Scheme

During the accounting period Glen Oaks Housing Association Limited paid contributions at the rate of 8%-15% of pensionable salaries to the defined contribution scheme. Member contributions were 0%-12.3% to the defined contribution scheme.

As at the balance sheet date there were 31 active members of the Scheme employed by Glen Oaks Housing Association Limited. The annual pensionable payroll in respect of these members was £86,000. Glen Oaks Housing Association Limited continues to offer membership of the Scheme to its employees.

### Scheme Assets and Liabilities

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 FRS102 represents the employer contribution payable.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 25. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The last provisional valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2015. 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 £612 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £198 million, equivalent to a past service funding level of 76%.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Based on the provisional valuation the defined benefit scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £198,460 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the defined benefit scheme have entered into an agreement to make additional contributions to fund the defined benefit scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £1,125,904 (2015 - £1,231,745). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.635% (2015 - 3.58%).

The Association made payments totalling £176,505 (2015 - £171,364) to the defined benefit scheme during the year in respect of the past service deficit.



# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 26. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting period beginning on 1 April 2015. As a result of this the comparative figures for the period ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those adopted previously.

The following sets out the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 31 March 2016.

Reconciliation of Capital & Reserves						
At 31 March 2015			At 31 March 2014			
Note	As previously Stated	Effect of Transition	As Restated	As previously Stated	Effect of Transition	As Restated
	£	£	£	£	£	£
Non Current Assets (i)	20,976,831	24,847,785	45,824,616	20,556,545	24,898,530	45,455,075
Current Assets	6,156,510	-	6,156,510	6,469,711	-	6,469,711
Current Liabilities (ii)	(1,907,967)	(173,690)	(2,081,657)	(1,871,165)	(171,362)	(2,042,527)
Non Current Liabilities (ii)	(18,868,818)	(1,058,055)	(19,926,873)	(19,108,000)	(1,002,711)	(20,110,711)
Deferred Income (i)	-	(24,347,715)	(24,347,715)	-	(24,758,659)	(24,758,659)
	6,356,556	(705,784)	5,650,772	6,047,091	(1,034,202)	5,012,889
Capital & Reserves	(6,356,556)	705,784	(5,650,772)	(6,047,091)	1,034,202	(5,012,889)

Reconciliation of Retained Surpluses for the Year			
Year Ended 31 March 2015			
Note	As previously Stated	Effect of Transition	As Restated
	£	£	£
Revenue (i)	5,177,007	316,878	5,493,885
Operating Costs (i) & (ii)	(3,969,171)	170,849	(3,798,322)
Other Income (i)	6,760	(104,589)	(97,829)
Interest Receivable	19,110	-	19,110
Interest Payable	(924,226)	-	(924,226)
Other Finance Income / Costs (iii)	-	(54,720)	(54,720)
	309,480	328,418	637,898
Surplus	309,480	328,418	637,898

### Notes to the Reconciliations

(i) - Social Housing Grants and Other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

(ii) - As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs.

(iii) - The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A.