



**GLEN HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**for the year ended 31 March 2011**

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Registered No. 2435 R (S)

Scottish Charity No. SC031874

GLEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

for the year ended 31 March 2011

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GLEN HOUSING ASSOCIATION

MEMBERS, EXECUTIVE AND ADVISERS

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**BOARD OF MANAGEMENT**

John McArthur – Chairperson (from Sep 2010)  
Josephine Smith – Chairperson (until Aug 2010)  
Grant Hutchison– Vice Chairperson (until Aug 2010)  
Maureen Mooney (resigned Feb 2011)  
- Vice Chairperson (Sep 2010 to Feb 2011)  
Rab Melville – Secretary (from Sep 2010)  
Gilbert Forbes – Secretary (resigned Sep 2010)  
Bridget Bennett  
Graham Challis  
Pat Milne  
Heather Murray  
Osato Osaghae  
Kim Kroeglar

**DIRECTOR**

Anne Dickie

**Auditors**

Findlay & Company  
Chartered Accountants  
Statutory Auditors  
11 Dudhope Terrace  
Dundee  
DD3 6TS

**Bankers**

Royal Bank of Scotland  
Drummond House  
1 Redheughs Avenue  
Edinburgh  
EH12 9JN

Dunfermline Building Society  
Caledonia House  
Carnegie Avenue  
Dunfermline  
KY11 8PJ

**Solicitors**

T C Young  
Melrose House  
69A George Street  
Edinburgh  
EH2 2JG

Young & Partners  
Castle Brae  
1 George Square  
Dunfermline  
Fife  
KY11 8QF

## GLEN HOUSING ASSOCIATION

### REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2011

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The Board of Management present their report and the audited Financial Statements for the year ended 31 March 2011.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Association is the provision of rented accommodation.

#### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The past year saw the Association using more money from our reserves than ever before following the completion of the office extension in September 2010 - on time and in our agreed budget, purchase of a property under the Mortgage to Rent Scheme and carrying out a busy planned maintenance programme of replacement kitchens, replacement boilers and cyclical paintwork.

A valuation of both of our non-housing housing properties unfortunately resulted in an impairment which has been applied by the auditors to this year's accounts. It had been decided at the planning stages that we wanted a main office that was central and easily accessible to the majority of our tenants; that it provided facilities for both our current staff and tenants and that it was an office that would grow with us as we continue to expand our housing stock.

A re-valuation of our housing stock also indicated a slight decrease in the value of the stock which in the recent climate is not particularly unexpected. Comfort can be taken from the fact that this decrease is purely due to the market and not to any physical impairment of the stock. It is likely that this figure should improve as the market improves and should give no long term cause for concern.

During the year Glen were delighted to take ownership of 42 new build units through our partnership with the Fife Housing Association Alliance and anticipate going on site with another 13 units in the coming year. We also saw an additional member of staff employed within the estate management team.

#### **Changes in fixed assets**

Details of fixed assets are set out in Notes 9 to 11.

#### **The Board of Management and executive officers**

The Board of Management and executive officers of the Association are listed on page 2.

Each member of the Board of Management holds one fully paid share of £1 in the Association. The executive officers of the Association 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.

## GLEN HOUSING ASSOCIATION

### REPORT OF THE BOARD OF MANAGEMENT (continued)

for the year ended 31 March 2011

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#### **Statement of Board's Responsibilities**

Housing Association legislation 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 income and expenditure of the Association for the year ended on that date. In preparing those financial statements the Board are required to: -

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

The Board is 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.

#### **Statement on internal financial controls**

The Board of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- (i) The reliability of financial information used within the Association or for publication.
- (ii) The maintenance of proper accounting records, and
- (iii) The safeguarding of assets against unauthorised use or disposition.

It is the Board of Management'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 include ensuring that:

- (i) Formal policies and procedures are in place including the documentation of key systems and rules relating to the delegation of authorities which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- (ii) Experienced and suitably qualified staff take responsibility for important business functions.
- (iii) Forecasts and budgets are prepared which allow the Board and Management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information and significant variances from budgets are investigated as appropriate.

GLEN HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT (continued)

for the year ended 31 March 2011

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- (iv) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management.
- (v) The Board of Management reviews reports from the Association's staff as well as the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- (vi) Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.
- (vii) The Board of Management has reviewed the effectiveness of the system of internal financial controls in existence in the Association for the year ended 31 March 2011 and until 25 May 2011. 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.

**Auditors**

The auditors, Findlay & Company, have expressed their willingness to continue in office. A resolution for their re-appointment will be proposed at the annual general meeting.

By order of the Board



Secretary  
Rab Melville

Date: 25 May 2011

## GLEN HOUSING ASSOCIATION

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLEN HOUSING ASSOCIATION

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We have audited the financial statements of Glen Housing Association Limited for the year ended 31 March 2011 which comprise income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Statement of Board's Responsibilities set out on page 3, the Board of Management is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of 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 Report of the Board of Management to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, Schedule 7 to the Housing (Scotland) Act 2001, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

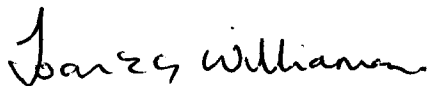
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
GLEN HOUSING ASSOCIATION LIMITED (continued)

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**Matters on which we are required to report by exception**

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

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



JOAN WILLIAMSON, CA (SENIOR STATUTORY AUDITOR)  
For and on Behalf of  
FINDLAY & COMPANY  
CHARTERED ACCOUNTANTS  
AND STATUTORY AUDITOR  
11 DUDHOPE TERRACE  
DUNDEE  
DD3 6TS

Date: 25 May 2011



REPORT OF THE AUDITORS TO GLEN HOUSING ASSOCIATION LIMITED  
ON CORPORATE GOVERNANCE MATTERS

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In addition to our audit of the financial statements, we have reviewed the Board's statement on internal controls set out on page 4. The object of our review is to draw attention to any non-compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

We carried out our review in accordance with guidance issued by the Auditing Practices Board. The guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's systems of internal financial control or its corporate governance procedures.

With respect to the Board's statement on internal control on page 4, in our opinion the Board has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Board members and officers of the Association, and examination of relevant documents, in our opinion the Board's statement on page 4 appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

*Joan Williamson*

JOAN WILLIAMSON, CA (SENIOR STATUTORY AUDITOR)  
For and on behalf of  
FINDLAY & COMPANY  
CHARTERED ACCOUNTANTS  
AND STATUTORY AUDITOR  
11 DUDHOPE TERRACE  
DUNDEE  
DD3 6TS

Date: 25 May 2011

GLEN HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2011

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|                                  | Notes | <u>2011</u><br>£            | <u>2010</u><br>£           |
|----------------------------------|-------|-----------------------------|----------------------------|
| TURNOVER                         | 2     | 1,222,574                   | 1,115,833                  |
| Less: Operating costs            | 2     | (1,245,950)                 | (1,044,883)                |
| Operating (Deficit) / Surplus    |       | <u>(23,376)</u>             | <u>70,950</u>              |
| Sale of property                 |       | -                           | -                          |
| Interest receivable              | 8     | 4,685                       | 8,499                      |
| Interest payable                 | 8     | (125,372)                   | (105,156)                  |
| (Deficit) / Surplus for the year |       | <u>£ (144,063)</u><br>===== | <u>£ (25,707)</u><br>===== |

The notes on pages 14 to 30 form part of these financial statements.

GLEN HOUSING ASSOCIATION LIMITED

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2011

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|   | <b>Note</b> | <b><u>2011</u></b><br><b>£</b> | <b><u>2010</u></b><br><b>£</b> |
|---|-------------|--------------------------------|--------------------------------|
| Retained (deficit)/surplus for the year                           | 20          | (144,063)                      | (25,707)                       |
| Unrealised (deficit)/surplus on revaluation of housing properties | 23          | (126,318)                      | 621,466                        |
| Total recognised surpluses and deficits relating to the year      |             | <u>£ (270,381)</u><br>=====    | <u>£ 595,759</u><br>=====      |

GLEN HOUSING ASSOCIATION LIMITED

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

for the year ended 31 March 2011

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|  | <b>Note</b> | <b><u>2011</u></b><br>£ | <b><u>2010</u></b><br>£ |
|--|-------------|-------------------------|-------------------------|
| Retained (deficit) / surplus on ordinary activities  |             | (144,063)               | (25,707)                |
| Difference between historic cost depreciation charge<br>And the actual depreciation charge for the year<br>Calculated on the revalued amount | 23          | 43,438                  | 43,253                  |
| Historical cost (deficit) / surplus on ordinary activities   |             | £ (100,625)<br>=====    | £ 17,546<br>=====       |

GLEN HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31 March 2011

|  | Note | 2011<br>£    | 2010<br>£    |
|--|------|--------------|--------------|
| <b>Tangible Fixed Assets</b>                                   |      |              |              |
| Housing Properties   | 9    | 26,653,726   | 21,421,018   |
| Less: Grants   | 10   | (17,697,726) | (13,941,018) |
|  |      | 8,956,000    | 7,480,000    |
| Other fixed assets   | 11   | 460,546      | 201,450      |
|  |      | 9,416,546    | 7,681,450    |
| <b>Current Assets</b>  |      |              |              |
| Debtors  | 12   | 142,237      | 950,547      |
| Cash at bank and in hand                                       |      | 647,215      | 938,846      |
|  |      | 789,452      | 1,889,393    |
| <b>Creditors:</b> amounts falling due within one year          | 13   | (261,133)    | (201,476)    |
|  |      | 528,319      | 1,687,917    |
| <b>Net current assets</b>                                      |      | 528,319      | 1,687,917    |
| <b>Total assets less current liabilities</b>                   |      | 9,944,865    | 9,369,367    |
| <b>Creditors:</b> amounts falling due after more than one year | 14   | (4,751,314)  | (3,905,436)  |
| <b>Net assets</b>  |      | £ 5,193,551  | £ 5,463,931  |
|  |      | =====        | =====        |
| <b>Capital and Reserves</b>                                    |      |              |              |
| Share Capital  | 15   | 79           | 78           |
| Designated reserves  | 16   | 226,524      | 381,455      |
| Revaluation reserve  | 23   | 3,861,100    | 4,030,856    |
| Revenue reserve  | 20   | 1,105,848    | 1,051,542    |
|  |      | £ 5,193,551  | £ 5,463,931  |
|  |      | =====        | =====        |

The financial statements on pages 9 to 30 were approved by the Board of Management on 25 May 2011 and were signed on its behalf by

..... J. Smith ..... Board member  
 ..... *Cranford P. Hutchins* ..... Board member  
 ..... *Almeida* ..... Secretary

The notes on pages 14 to 30 form part of these financial statements.

GLEN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

for the year ended 31 March 2011

|   | <u>Note</u> | <u>2011</u><br>£              | <u>2010</u><br>£              |
|---|-------------|-------------------------------|-------------------------------|
| Cashflow from operating activities                        | 26(a)       | 1,057,857                     | (410,433)                     |
| Returns on investment and servicing of finance            | 26(b)       | (120,687)                     | (96,657)                      |
| Capital expenditure and financial investments             | 26(c)       | (2,172,892)                   | (378,046)                     |
|   |             | <u>(1,235,722)</u>            | <u>(885,136)</u>              |
| Financing   | 26(d)       | 931,635                       | 755,663                       |
| (Decrease)/Increase in cash in the period                 |             | <u>£ (304,087)</u><br>=====   | <u>£ (129,473)</u><br>=====   |
| Reconciliation of net cash flow to movement in net debt:- |             |                               |                               |
| (Decrease)/Increase in cash in the period                 |             | (304,087)                     | (129,473)                     |
| Cash outflow from financing                               |             | (931,635)                     | (755,663)                     |
| Movement in net debt in the period                        |             | <u>(1,235,722)</u>            | <u>(855,136)</u>              |
| Net debt at 1 April 2010                                  |             | <u>(3,049,571)</u>            | <u>(2,164,435)</u>            |
| Net debt at 31 March 2011                                 | 26(e)       | <u>£ (4,285,293)</u><br>===== | <u>£ (3,049,571)</u><br>===== |

The notes on pages 14 to 30 form part of these financial statements.

GLEN HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2011

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**1. Principal Accounting Policies**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and in accordance with the requirements of the Statement of Recommended Practice; Accounting by Registered Social Landlords 2008 and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies which have been applied consistently, is set out below.

**Basis of Accounting**

The financial statements are prepared on the historical cost basis apart from housing properties which are stated at valuation.

**Turnover**

Turnover represents rental and service charge income, fees and revenue based grants receivable from local authorities and from Ministers of Scottish Government.

**Mortgages**

Mortgage loans are advanced by private lenders, local authorities or Ministers of Scottish Government and under the terms of individual mortgage deeds in respect of each property. Advances are available only in respect of those developments which have been given approval for Social Housing Grant by the Scottish Housing Regulator.

**Social Housing Grants (SHG)**

For schemes developed under the terms of Housing (Scotland) Acts, Social Housing Grant is paid directly to the Association as required, to meet its liabilities during the development process. SHG is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

**Tangible Fixed Assets – Housing Properties (Note 9 & 10)**

Housing properties are stated at valuation. The development costs of housing properties funded with traditional SHG or under earlier funding arrangements include the following: -

- i) Cost of acquiring land and buildings
- ii) Direct Development expenditure
- iii) Interest charged during the development stage on the mortgage loans raised to finance the scheme;

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

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**Depreciation**

Freehold land is not depreciated. Depreciation is charged so as to write down the cost (or valuation net of social housing grant) of freehold housing properties other than freehold land to their estimated residual value on a straight line basis over their estimated useful economic lives at the following rates:

Housing Properties - 50 to 80 years

Other fixed assets are depreciated using the following rates to write down the cost evenly over their expected useful lives:

|  |                              |
|--|------------------------------|
| Heritable property                       | 2% straight line             |
| Leasehold property                       | 10% straight line            |
| Office furniture, fittings and equipment | 15% to 33 1/3% straight line |
| Motor Vehicles                           | 25% straight line            |

**Impairment**

The housing properties are subject to ongoing planned maintenance programme and there is unlikely to be economic obsolescence. No specific impairment review is carried out due to the regular inspection of properties throughout the year, however the recent valuation of housing property has confirmed that there is impairment to recognise this year, and this has been properly adjusted through the Revaluation Reserve.

An impairment review was carried out on the Association's office premises and an impairment has been recognised through the Income and Expenditure Account in this financial year.

**Designated Reserves**

**Cyclical Maintenance Reserves**

This comprises the following reserves: -

**Future cyclical repairs and maintenance (Note 16)**

The reserve is based on the Association's ability to maintain its properties in accordance with a planned programme of works, provided it will not be met from revenue in the year in which it is incurred.

**Pensions (Note 18)**

The Association operates a defined benefits pension scheme, the cost of which is written off on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund.



GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

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**Leased Assets**

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

**Works to Existing Properties**

Works are capitalised where these result in an enhancement of the economic benefits of the property. Works to existing properties which do not result in the enhancement of economic benefits are charged to the Income and Expenditure account.

**2. Particulars of turnover, cost of sales, operating costs and operating surplus**

|                  | <u>Turnover</u><br>£ | <u>Operating Costs</u><br>£ | <u>2011 Operating Surplus</u><br>£ | <u>2010 Operating Surplus</u><br>£ |
|------------------|----------------------|-----------------------------|------------------------------------|------------------------------------|
| Social Lettings  | 1,215,554            | 1,240,950                   | (25,396)                           | 62,914                             |
| Other Activities | 7,020                | 5,000                       | 2,020                              | 8,036                              |
| 2011 Total       | <u>£ 1,222,574</u>   | <u>£ 1,245,950</u>          | <u>£(23,376)</u>                   | <u>-</u>                           |
| 2010 Total       | <u>£ 1,115,833</u>   | <u>£ 1,044,883</u>          | <u>-</u>                           | <u>£ 70,950</u>                    |

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

**3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM SOCIAL LETTING ACTIVITIES**

|  | General<br>Needs<br>Housing<br>£ | Supported<br>Housing<br>Accommodation<br>£ | Shared<br>Ownership<br>Housing<br>£ | Other<br>£ | 2011<br>Total<br>£ | 2010<br>Total<br>£ |
|--|----------------------------------|--|-------------------------------------|------------|--------------------|--------------------|
| Rent receivable net of service charges                         | 1,167,249                        | -  | -                                   | -          | 1,167,249          | 1,041,426          |
| Service charges  | 32,501                           | -  | -                                   | -          | 32,501             | 30,254             |
| Gross income from rents and Service charges                    | 1,199,750                        | -  | -                                   | -          | 1,199,750          | 1,071,680          |
| Less voids   | (5,552)                          | -  | -                                   | -          | (5,552)            | (3,444)            |
| Net income from rents and service charges                      | 1,194,198                        | -  | -                                   | -          | 1,194,198          | 1,068,236          |
| Grants from Scottish Ministers                                 | 21,356                           | -  | -                                   | -          | 21,356             | 39,561             |
| Other revenue grants   | -                                | -  | -                                   | -          | -                  | -                  |
| Total turnover from social letting activities                  | £ 1,215,554                      | £ -  | £ -                                 | £ -        | £ 1,215,554        | £1,107,797         |
| Management and maintenance administration costs                | 359,873                          | -  | -                                   | -          | 359,873            | 282,438            |
| Service costs  | 42,267                           | -  | -                                   | -          | 42,267             | 43,992             |
| Planned and cyclical maintenance including major repairs costs | 359,200                          | -  | -                                   | -          | 359,200            | 306,013            |
| Reactive maintenance costs                                     | 344,164                          | -  | -                                   | -          | 344,164            | 273,342            |
| Bad debts – rents and service Charges                          | 7,066                            | -  | -                                   | -          | 7,066              | 8,282              |
| Depreciation of social housing                                 | 107,024                          | -  | -                                   | -          | 107,024            | 91,255             |
| Impairment of social housing                                   | -                                | -  | -                                   | -          | -                  | -                  |
| Operating costs for social Letting activities                  | 21,356                           | -  | -                                   | -          | 21,356             | 39,561             |
|  | 1,240,950                        | -  | -                                   | -          | 1,240,950          | 1,044,883          |
| Operating (deficit) for social Lettings 2011                   | £(25,396)                        | £ -  | £ -                                 | £ -        | £ (25,396)         | -                  |
| Operating surplus for social Lettings for 2010                 | £ 62,914                         | £ -  | £ -                                 | £ -        | -                  | £ 62,914           |

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

|  | Grants from<br>Scottish<br>Ministers<br>£ | Other<br>Revenue<br>£ | Supporting<br>People<br>Income<br>£ | Other<br>Income<br>£ | Total<br>Turnover<br>£ | Operating<br>costs -<br>bad debts<br>£ | Other<br>operating<br>costs<br>£ | 2011<br>Operating<br>surplus or<br>deficit<br>£ | 2010<br>Operating<br>surplus or<br>deficit<br>£ |
|--|---|-----------------------|-------------------------------------|----------------------|------------------------|--|----------------------------------|---|---|
| Wider role activities to support<br>the community                              | -   | -                     | -                                   | -                    | -                      | -                                      | 5,000                            | (5,000)   | -   |
| Care and repair of property  | -   | -                     | -                                   | -                    | -                      | -                                      | -                                | -   | -   |
| Factoring  | -   | -                     | -                                   | -                    | -                      | -                                      | -                                | -   | -   |
| Development and construction<br>of property activities                         | -   | -                     | -                                   | -                    | -                      | -                                      | -                                | -   | -   |
| Support activities   | -   | -                     | -                                   | -                    | -                      | -                                      | -                                | -   | -   |
| Care activities  | -   | -                     | -                                   | -                    | -                      | -                                      | -                                | -   | -   |
| Agency/management services for<br>Registered Social Landlords                  | -   | -                     | -                                   | -                    | -                      | -                                      | -                                | -   | -   |
| Other agency/management<br>services  | -   | -                     | -                                   | -                    | -                      | -                                      | -                                | -   | -   |
| Development for sale to<br>Registered Social Landlords                         | -   | -                     | -                                   | -                    | -                      | -                                      | -                                | -   | -   |
| Development and improvements<br>for sale to non Registered Social<br>Landlords | -   | -                     | -                                   | -                    | -                      | -                                      | -                                | -   | -   |
| Other activities (Leased offices,<br>Insurance claims, CHR, Misc)              | -   | -                     | -                                   | 7,020                | 7,020                  | -                                      | -                                | 7,020   | 8,036   |
| 2011 Total from other activities   | £ -                                       | £ -                   | £ -                                 | £ 7,020              | £ 7,020                | £ -                                    | £ 5,000                          | £ 2,020   | £ -   |
| 2010 Total from other activities   | £ -                                       | £ -                   | £ -                                 | £ 8,036              | £ 8,036                | £ -                                    | £ -                              | £ -   | £ 8,036   |

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

**5. Employee Information**

The average weekly number of persons employed during the year was:

|                | <u>2011</u> | <u>2010</u> |
|----------------|-------------|-------------|
| Housing        | 4           | 4           |
| Administration | 3           | 3           |
| Caretaker      | 4           | 3           |
|                | -----       | -----       |
|                | 11          | 10          |
|                | =====       | =====       |

|  | <u>2011</u><br>£ | <u>2010</u><br>£ |
|--|------------------|------------------|
| Staff costs (including director emoluments): |                  |                  |
| Wages and Salaries                           | 241,308          | 223,233          |
| Social Security costs                        | 19,296           | 17,624           |
| Pension costs (Note 18)                      | 28,222           | 27,149           |
|  | -----            | -----            |
|  | £ 288,826        | £ 268,006        |
|  | =====            | =====            |

**6. Operating Surplus**

|  | <u>2011</u><br>£ | <u>2010</u><br>£ |
|--|------------------|------------------|
| (a) Operating surplus is stated after charging |                  |                  |
| Depreciation                                   | 120,577          | 100,644          |
| Impairment of office premises                  | 85,641           | -                |
| Repairs: Cyclical, major, day to day           | 703,364          | 579,355          |
| Operating lease rentals                        | 7,800            | 7,800            |
| Auditor's remuneration                         |                  |                  |
| Audit services                                 | 4,200            | 4,400            |
| Other services                                 | 1,513            | 1,600            |
|  | =====            | =====            |

**7. Officers Emoluments: -**

|   | <u>2011</u><br>£ | <u>2010</u><br>£ |
|---|------------------|------------------|
| The emoluments – excluding pension contributions, of the director who was the highest paid officer, amounted to | £ 54,630         | £ 53,358         |
|   | =====            | =====            |

During the period, there were no officers with emoluments of £60,000 or more.

The Director is a member of the Association's pension scheme described in Note 18, no enhanced special terms apply to her membership and the Association does not contribute to any other pensions on her behalf.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

**8. Interest Receivable and Similar Income**

|                     | 2011<br>£ | 2010<br>£ |
|---------------------|-----------|-----------|
| Interest receivable | £ 4,685   | £ 8,499   |
|                     | =====     | =====     |

**Interest Payable and Similar Charges**

|                  | 2011<br>£ | 2010<br>£ |
|------------------|-----------|-----------|
| Interest Payable | £ 125,372 | £ 105,156 |
|                  | =====     | =====     |

**9. Tangible Fixed Assets**

**Housing Properties**

|                             | <u>Held for<br/>Letting</u><br>£ | <u>Under<br/>Construction</u><br>£ | <u>Total</u><br>£ |
|-----------------------------|----------------------------------|------------------------------------|-------------------|
| <b>Cost / Valuation</b>     |                                  |                                    |                   |
| At 1 April 2010             | 21,421,018                       | -                                  | 21,421,018        |
| Additions                   | -                                | 5,466,050                          | 5,466,050         |
| Disposals                   | -                                | -                                  | -                 |
| Transferred to letting      | 5,466,050                        | (5,466,050)                        | -                 |
| Revaluation movement        | (233,342)                        | -                                  | (233,342)         |
|                             | -----                            | -----                              | -----             |
| At 31 March 2011            | 26,653,726                       | -                                  | 26,653,726        |
|                             | -----                            | -----                              | -----             |
| <b>Depreciation</b>         |                                  |                                    |                   |
| At 1 April 2010             | -                                | -                                  | -                 |
| Charge for the year         | 107,024                          | -                                  | 107,024           |
| Written back on revaluation | (107,024)                        | -                                  | (107,024)         |
|                             | -----                            | -----                              | -----             |
| At 31 March 2011            | -                                | -                                  | -                 |
|                             | -----                            | -----                              | -----             |
| <b>Net Book Value</b>       |                                  |                                    |                   |
| At 31 March 2011            | £ 26,653,726                     | £ -                                | £ 26,653,726      |
|                             | =====                            | =====                              | =====             |
| <b>Net Book Value</b>       |                                  |                                    |                   |
| At 31 March 2010            | £ 21,421,018                     | £ -                                | £ 21,421,018      |
|                             | =====                            | =====                              | =====             |

The housing properties held for letting were revalued in February 2011 by an independent external valuer, DTZ Debenham Tie Leung. The basis of the valuation was Existing Use Value – Social Housing. The properties held for letting were valued at £8,956,000.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

The valuation was undertaken in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors using a discounted cash flow method. The key assumptions made were as follows:-

- Discount rate – 5.75%-6%
- Rent increase – Inflation + 1%

Total works carried out on the housing properties for the year ended 31 March 2011 was £685,135. Of this total £12,416 (2010 – £12,129) was capitalised above and £672,719 (2010 - £579,355) was expensed in the income and expenditure statement in line with recommended practice.

**10. Tangible Fixed Assets**

| Grants   | <u>At 1 April<br/>2010</u><br>£ | <u>Received</u><br>£ | <u>Schemes<br/>Completed</u><br>£ | <u>Repaid</u><br>£ | <u>At 31 March<br/>2011</u><br>£ |
|--|---------------------------------|----------------------|-----------------------------------|--------------------|----------------------------------|
| Housing Association grants;<br>Completed schemes | 13,767,980                      | -                    | 3,713,718                         | -                  | 17,481,698                       |
| Schemes in the course<br>of construction         | -                               | 3,713,718            | (3,713,718)                       | -                  | -                                |
|  | -----<br>13,767,980             | -----<br>3,713,718   | -----<br>-                        | -----<br>-         | -----<br>17,481,698              |
| Empty Homes Grant                                | 173,038                         | -                    | -                                 | -                  | 173,038                          |
| Scottish Water Grant                             | -                               | 42,990               | -                                 | -                  | 42,990                           |
|  | -----<br>£ 13,941,018           | -----<br>£ 3,756,708 | -----<br>£ -                      | -----<br>£ -       | -----<br>£ 17,697,726            |
|  | =====                           | =====                | =====                             | =====              | =====                            |

**Carrying Value**

If housing properties held for letting had not been revalued they would have appeared in the balance sheet as:

|                                 | <u>2011</u><br>£    | <u>2010</u><br>£     |
|---------------------------------|---------------------|----------------------|
| Cost                            | 23,291,580          | 17,826,038           |
| Depreciation                    | (498,954)           | (435,876)            |
| Housing Association Grant       | (17,481,698)        | (13,767,980)         |
| Other Grants                    | (216,028)           | (173,038)            |
|                                 | -----<br>£5,094,900 | -----<br>£ 3,449,144 |
| Net book value at 31 March 2011 | =====               | =====                |

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

**11. Tangible Fixed Assets**

Other Fixed Assets

|                     | <u>Leasehold<br/>Improvements</u><br>£ | <u>Office<br/>Premises</u><br>£ | <u>Motor<br/>Vehicles</u><br>£ | <u>Fixtures<br/>Fittings</u><br>£ | <u>Total</u><br>£  |
|---------------------|--|---------------------------------|--------------------------------|-----------------------------------|--------------------|
| Cost                |  |                                 |                                |                                   |                    |
| At 1 April 2010     | 18,949                                 | 205,177                         | 15,926                         | 49,963                            | 290,015            |
| Additions           | -                                      | 336,627                         | 13,682                         | 7,981                             | 358,290            |
| Disposals           | -                                      | -                               | -                              | (1,734)                           | (1,734)            |
| Impairment          | -                                      | (85,641)                        | -                              | -                                 | (85,641)           |
|                     | <u>18,949</u>                          | <u>456,163</u>                  | <u>29,608</u>                  | <u>56,210</u>                     | <u>560,930</u>     |
| Grant Received      | -                                      | -                               | -                              | -                                 | -                  |
| At 31 March 2011    | <u>18,949</u>                          | <u>456,163</u>                  | <u>29,608</u>                  | <u>56,210</u>                     | <u>560,930</u>     |
| Depreciation        |  |                                 |                                |                                   |                    |
| At 1 April 2010     | 18,949                                 | 14,272                          | 15,926                         | 39,418                            | 88,565             |
| Charge for the year | -                                      | 6,891                           | 928                            | 5,734                             | 13,553             |
| Disposals           | -                                      | -                               | -                              | (1,734)                           | (1,734)            |
| At 31 March 2011    | <u>18,949</u>                          | <u>21,163</u>                   | <u>16,854</u>                  | <u>43,418</u>                     | <u>100,384</u>     |
| Net Book Value      |  |                                 |                                |                                   |                    |
| At 31 March 2011    | £ -<br>=====                           | £ 435,000<br>=====              | £ 12,754<br>=====              | £ 12,792<br>=====                 | £ 460,546<br>===== |
| Net book value      |  |                                 |                                |                                   |                    |
| At 31 March 2010    | £ -<br>=====                           | £ 190,905<br>=====              | £ -<br>=====                   | £ 10,545<br>=====                 | £ 201,450<br>===== |

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

| <b>12. Debtors</b>                     | <b><u>2011</u></b> | <b><u>2010</u></b> |
|--|--------------------|--------------------|
|  | <b>£</b>           | <b>£</b>           |
| Amounts falling due within one year: - |                    |                    |
| Rental Debtors                         | 34,647             | 28,487             |
| Prepayments and accrued income         | 41,279             | 44,220             |
| Other Debtors                          | 66,311             | 4,524              |
| Amounts held by solicitor              | -                  | 873,316            |
|  | -----              | -----              |
|  | <b>£ 142,237</b>   | <b>£ 950,547</b>   |
|  | =====              | =====              |

| <b>13. Creditors: Amounts falling due within one year</b> | <b><u>2011</u></b> | <b><u>2010</u></b> |
|---|--------------------|--------------------|
|   | <b>£</b>           | <b>£</b>           |
| Bank Overdraft  | 13,296             | 840                |
| Housing Loans   | 167,898            | 82,141             |
| Accruals and Deferred Income                              | 32,307             | 16,161             |
| Rent in Advance   | 25,716             | 21,052             |
| Other Creditors   | 16,010             | 75,421             |
| Other tax and social security costs                       | 5,906              | 5,861              |
|   | -----              | -----              |
|   | <b>£ 261,133</b>   | <b>£ 201,476</b>   |
|   | -----              | -----              |

The amounts secured are £ 167,898 (2010 - £82,141).

| <b>14. Creditors: Amounts falling due after more than one year</b> | <b><u>2011</u></b> | <b><u>2010</u></b> |
|--|--------------------|--------------------|
|  | <b>£</b>           | <b>£</b>           |
| Housing Loans  | £ 4,751,314        | £ 3,905,436        |
|  | =====              | =====              |

The amounts secured are £ 4,751,314 (2010 - £3,905,436).

Loans are secured by specific charges on the Association's properties and repayable at varying rates of interest in instalments due as follows: -

|                            | <b><u>2011</u></b> | <b><u>2010</u></b> |
|----------------------------|--------------------|--------------------|
|                            | <b>£</b>           | <b>£</b>           |
| Within one year            | 167,898            | 82,141             |
| Within one – two years     | 171,528            | 84,499             |
| Within two – five years    | 537,677            | 268,721            |
| After more than five years | 4,042,109          | 3,552,216          |
|                            | -----              | -----              |
|                            | <b>£ 4,919,212</b> | <b>£ 3,987,577</b> |
|                            | =====              | =====              |



GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

**15. Share Capital**

|  | <u>2011</u><br>£ | <u>2010</u><br>£ |
|--|------------------|------------------|
| Allotted, issued and fully paid<br>At 1 April 2010 | 78               | 82               |
| Issued in Year                                     | 1                | -                |
|  | -----            | -----            |
| Cancelled in Year                                  | 79               | 82               |
|  | -                | (4)              |
|  | -----            | -----            |
| As at 31 March 2011                                | £ 79             | £ 78             |
|  | =====            | =====            |

**16. Designated Reserves**

|                     | <u>At<br/>1 April<br/>2010</u><br>£ | <u>Transfer<br/>from<br/>Revenue<br/>Reserve</u><br>£ | <u>Transfer<br/>to<br/>Revenue<br/>Reserve</u><br>£ | <u>At<br/>31 March<br/>2011</u><br>£ |
|---------------------|-------------------------------------|---|---|--------------------------------------|
| Planned Maintenance | £ 381,455                           | £ 167,618   | £ (322,549)   | £ 226,524                            |
|                     | =====                               | =====   | =====   | =====                                |

(i) Planned maintenance includes cyclical repairs and major repairs.

**17. Capital Commitments**

Capital Commitments at 31 March 2011 amounted to £6,000 (2010 – £1,938,320).

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

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**18. Pensions Update**

- 1) Glen Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme.
- 2) The Scheme is a multi-employer defined benefit scheme. The scheme is funded and contracted out of the State Pension scheme.
- 3) The Scheme offers five benefit structures to employers, namely:
  - Final salary with a 1/60<sup>th</sup> accrual rate.
  - Career average revalued earnings with a 1/60<sup>th</sup> accrual rate.
  - Career average revalued earnings with a 1/70<sup>th</sup> accrual rate.
  - Career average revalued earnings with a 1/80<sup>th</sup> accrual rate.
  - Career average revalued earnings with a 1/120<sup>th</sup> accrual rate, contracted in.
- 4) 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.
- 5) Glen Housing Association has elected to operate the final salary with a 1/60<sup>th</sup> accrual rate benefit structure for active members as at 1 April 2011 and is currently undergoing consultation for considering benefit structure for new entrants.
- 6) The Trustee commissions an actuarial valuation of the scheme every 3 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.
- 7) During the accounting period Glen Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7% for the period.
- 8) As at the balance sheet date there were 8 active members of the scheme employed by Glen Housing Association Limited. The annual pensionable payroll in respect of these members was £191,157. Glen Housing Association Limited continues to offer membership of the scheme to its employees.
- 9) It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.
- 10) The last formal valuation of the scheme was performed as at 30 September 2009 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

- 11) The Scheme Actuary has prepared an Actuarial Report that provides an approximate update of the funding position of the Scheme as at 30 September 2010. 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 for the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.
- 12) The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

| <b>2009 Valuation Assumptions</b>                              | <b>% pa</b> |
|--|-------------|
| - Investment return pre retirement                             | 7.4         |
| - Investment return post retirement – Non-pensioners           | 4.6         |
| - Investment return post retirement – Pensioners               | 4.8         |
| - Rate of salary increases                                     | 4.5         |
| - Rate of pension increases                                    |             |
| pension accrued pre 6 April 2005 in excess of GMP              | 2.9         |
| pension accrued from 6 April 2005                              | 2.2         |
| (for leavers before 1 October 1993 pension increases are (5%)) |             |
| - Rate of price inflation                                      | 3.0         |

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

| <b>Contribution Rates for Future Service (payable from 1 April 2011)</b> | <b>%</b> |
|--|----------|
| Final salary 1/60ths   | 19.2     |
| Career average revalued earnings 1/60ths                                 | 17.1     |
| Career average revalued earnings 1/70ths                                 | 14.9     |
| Career average revalued earnings 1/80ths                                 | 13.2     |
| Career average revalued earnings 1/120ths                                | 9.4      |
| Additional rate for deficit contributions*                               | 10.4     |

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

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

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- 13) Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.
- 14) 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.
- 15) The leaving employer's share of the buy-out 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 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.
- 16) Glen Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As at this date the estimated debt for Glen Housing Association was £552,478

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

**19. Legislative Provisions**

The Association is incorporated under the Industrial and Provident Societies Act 1965. The Association was granted charitable status on 3 July 2001.

**20. Reconciliation of Movement in Accumulated Surplus**

|                                   | <u>2011</u><br>£ | <u>2010</u><br>£ |
|-----------------------------------|------------------|------------------|
| Revenue reserve b/fwd             | £ 1,051,542      | £ 908,954        |
|                                   | -----            | -----            |
| (Deficit)/surplus for the year    | (144,063)        | (25,707)         |
| Transfer from revaluation reserve | 43,438           | 43,253           |
| Transfer from designated reserves | 154,931          | 125,042          |
|                                   | -----            | -----            |
|                                   | 54,306           | 142,588          |
|                                   | -----            | -----            |
| Revenue reserve c/fwd             | £ 1,105,848      | £ 1,051,542      |
|                                   | =====            | =====            |

**21. Units in management**

The Association currently manages 402 units (2010 – 359 units).

**22. Payments to members and Board members**

No member of the Association received any fee or remuneration during the year. Members of the Management Board were reimbursed for out of pocket expenses amounting to £2,059 (2010 - £1,853).

**23. Revaluation Reserve**

|                                    | <u>2011</u><br>£ | <u>2010</u><br>£ |
|------------------------------------|------------------|------------------|
| At 1 April 2010                    | 4,030,856        | 3,452,643        |
| Adjustment re property disposal    | -                | -                |
| Increase/(Decrease) in revaluation | (126,318)        | 621,466          |
| Released to revenue reserve        | (43,438)         | (43,253)         |
|                                    | -----            | -----            |
| At 31 March 2011                   | £ 3,861,100      | £ 4,030,856      |
|                                    | =====            | =====            |

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

**24. Operating Lease Commitments**

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year.

|                           | <u>2011</u><br>£ | <u>2010</u><br>£ |
|---------------------------|------------------|------------------|
| Expiring within 1 year    | £ -              | -                |
| Expiring within 2-5 years | £ 7,800          | £ 7,800          |
|                           | =====            | =====            |

**25. Contingent Liability**

The Association participates in a multi employer pension scheme. Should the Association leave the scheme, the amount of employer debt has been calculated at £552,478 as at 30<sup>th</sup> September 2010. At this time there is no intention to leave the scheme.

**26. Notes to the Cash Flow Statement**

|  | <u>2011</u><br>£ | <u>2010</u><br>£ |
|--|------------------|------------------|
| (a) Reconciliation of operating surplus to operating cash flows: |                  |                  |
| Operating (deficit) / surplus                                    | (23,376)         | 70,950           |
| Impairment of office premises                                    | 85,641           | -                |
| Depreciation   | 120,577          | 100,644          |
| (Increase)/decrease in debtors                                   | 870,941          | (568,367)        |
| Increase/(decrease) in creditors                                 | 4,074            | (13,660)         |
|  | -----            | -----            |
| Net cash outflow from operating activities                       | £ 1,057,857      | £ (410,433)      |
|  | =====            | =====            |
|  | <u>2011</u><br>£ | <u>2010</u><br>£ |
| (b) Returns on investment and servicing of finance:              |                  |                  |
| Interest received  | 4,685            | 8,499            |
| Interest paid  | (125,372)        | (105,156)        |
|  | -----            | -----            |
|  | £ (120,687)      | £ (96,657)       |
|  | =====            | =====            |

GLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

26. Notes to the Cash Flow Statement (continued)

|   | <u>2011</u><br>£ | <u>2010</u><br>£ |
|---|------------------|------------------|
| (c) Capital expenditure:                    |                  |                  |
| Payments to acquire tangible fixed assets   | (5,866,970)      | (384,983)        |
| Receipts from sale of tangible fixed assets | -                | -                |
| Receipt / (repayment) of grants             | 3,694,077        | 6,937            |
| Share capital movement                      | 1                |                  |
|   | -----            | -----            |
|   | £ (2,172,892)    | £ (378,046)      |
|   | =====            | =====            |
| <br>(d) Financing                           |                  |                  |
|   | <u>2011</u><br>£ | <u>2010</u><br>£ |
| Repayment of loans and leases               | (137,367)        | (232,653)        |
| Loans acquired in year                      | 1,069,002        | 988,316          |
|   | -----            | -----            |
|   | £ 931,635        | £ 755,663        |
|   | =====            | =====            |

|   | <u>At 01/04/10</u><br>£ | <u>Cash Flows</u><br>£ | <u>At 31/03/11</u><br>£ |
|---|-------------------------|------------------------|-------------------------|
| (e) Analysis of net debt:               |                         |                        |                         |
| Cash in hand and at bank                | 938,846                 | (291,631)              | 647,215                 |
| Overdraft                               | (840)                   | (12,456)               | (13,296)                |
| Bank loans due within one year          | (82,141)                | (85,757)               | (167,898)               |
| Bank loans due after more than one year | (3,905,436)             | (845,878)              | (4,751,314)             |
|   | -----                   | -----                  | -----                   |
|   | £ (3,049,571)           | £ (1,235,722)          | £ (4,285,293)           |
|   | =====                   | =====                  | =====                   |

27. Related Parties

Four of the board members were also tenants of the Association. Some board members are also employees of related local authorities. All tenancies and transactions with related parties are on normal commercial terms and their position as a board member cannot be used to their advantage.

No member of the board received remuneration.