

Govan Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No. HEP87

FCA Reference No. 1686R (S)

Scottish Charity No. SC009055

GOVAN HOUSING ASSOCIATION LIMITED

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GOVAN HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2016

MANAGEMENT COMMITTEE

Mr William Pritchard	Chairperson
Mr Thomas McArthur	Vice Chairperson
Miss Georgina Hay	Secretary
Mrs Alice Connelly	
Mr John Hendry	
Mr John Flanagan	
Bailie Fariha Thomas	resigned 14.05.2015
Ms Karen Russell	
Ms Kellie-anne McMillan	resigned 29.10.2015
Ms Anne Irvine	Note 1
Mr Roger Chapman	resigned 26.11.2015
Mr Gary Maguire MBE	joined 01.10.2015
Mr Colin Quigley	joined 28.01.2016
Ms Alison Martin	joined 28.01.2016

Note 1

The Management Committee acknowledge, with gratitude, the commitment of Ms Anne Irvine who sadly passed away in early May 2016. Ms Irvine was proud to serve as a committee member, having seen huge developments in the size and scale of activities at the Association during her 21 years on the committee. Anne shall be greatly missed by her fellow committee members and the staffing team at the Association.

EXECUTIVE OFFICERS

Fiona McTaggart	Chief Executive
Natalya Macholla	Deputy Chief Executive

REGISTERED OFFICE

35 McKechnie Street
Govan
Glasgow
G51 3AQ

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Royal Bank of Scotland
788 Govan Road
Glasgow
G51 2YL

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Introduction

The Management Committee present their Annual Report together with the audited accounts for the year ended 31 March 2016. These accounts cover the year 1 April 2015 to 31 March 2016.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1686R (S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC009055.

Principal Activities

Govan Housing Association is an ambitious, forward thinking and dynamic 'not for profit' social housing provider. The Association itself possesses a rich history and one of development and innovation. Founded in 1971, the Association was the first community based housing provider, leading the way for social housing provision in Scotland. After over 45 years of operating in the housing sector, the Association now owns and manages over 1,500 socially rented properties and provides factoring services to a further 550 homes in the Govan area of Glasgow as well as taking an active role in the regeneration of the area and continuing to improve the quality of life of residents.

We have continued to develop our vision, our values and our strategic and operational outcomes for the Association in the year. We recognise that to deliver our vision and deliver it well, we need to be open to change in order to meet the diverse needs of the wider community and the political, social and economic environment our business and our residents currently operate in.

Our vision is:

To provide, manage and maintain, affordable housing for people in housing need whilst aiming to be an innovative and responsive organisation, playing a leading role in the regeneration of Govan and continuing to improve the quality of life of our residents.

The **strategic outcomes** we want to achieve during the period of our current business plan will help us to realise our vision and are as follows:

- Provide a continually improving, high quality housing and factoring service that meets the needs and aspirations of our service users and protects the investment.
- Maximise participation, consultation and social inclusion in the delivery of our services.
- Improve our communities, quality of life and living conditions through regeneration initiatives.
- Ensure that the Associations services are delivered in a cost effective way.
- Ensure the business and viability of the Association is effective by providing efficient financial, administration and personnel systems.

Our **values** as an Association are summarised as follows:

- **Equality** - to ensure that everyone regardless of age, income, marital status, sex, disability, race, sexual orientation religion and culture has equal access to services of the Association and employment by the Association or contractors working for the Association. Service provision should closely reflect the evolving needs of the community as a whole.
- **Quality** - to ensure that all property and services provided by the Association should be of a high quality, reflect the needs of the users and demonstrate high measurable standards.
- **Participation** - to ensure that the Association encourages and enables, participation by all sections of the community in meaningful consultation to ensure that services are appropriate and responsive.

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REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Review of Business and Future Developments (Contd.)

We are serious about turning our vision into a reality and delivering excellent quality, affordable homes and services that make a positive impact on people and communities. This change really signals the future direction for Govan Housing Association, one that is genuine about customer service that is committed to ensuring our tenants get the best possible deal and the highest quality products and services and importantly, puts our tenants central to everything that we do. There is a common goal through the company as each Directorate, team and each member of staff collectively and individually contributes to achieving the vision, outcomes, values and aims of Govan Housing Association.

The Management Committee has placed our residents at the centre of the culture of Govan Housing Association. Plans whereby tenants views and needs are at the pinnacle of what the Association aims to achieve are embedded in our training and development of staff and Management Committee members and the management of our contractors.

Governance and Decision Making

The strategic leadership and direction of the Association is provided by a Management Committee comprising 10 members. The Management Committee is supported by a Chief Executive and Deputy Chief Executive; the Executive Management team. The full list of Management Committee members during the period to 31 March 2016 is as follows:

Management Committee Members

Mr William Pritchard (Chair)	Appointed January 2012
Mr Thomas McArthur (Vice Chair)	Appointed April 2014
Ms Anne Irvine (Vice Chair)	Appointed March 1994*
Miss Georgina Hay (Secretary)	Appointed May 1979
Mrs Alice Connelly	Appointed May 2003
Ms Karen Russell	Appointed September 2014
Mr John Hendry	Appointed November 2011
Ms Baillie Fariha Thomas	Appointed June 2012, Resigned May 2015
Ms Kellieanne McMillan	Appointed January 2014, Resigned October 2015
Mr John Flanagan	Appointed April 1998
Mr Roger Chapman	Appointed May 2014, Resigned November 2015
Mr Gary Maguire MBE	Appointed October 2015
Mr Colin Quigley	Appointed January 2016
Ms Alison Martin	Appointed January 2016

All tenancies for the above tenant members of the Management Committee are on Scottish Secure Tenancy Agreements in terms of the Housing (Scotland) Act 2010 and these members cannot use their position on the Management Committee to their advantage. Any transactions with Glasgow City Council are made at arm's length, on normal commercial terms and the Management Committee members who are also Councillors cannot use their position on the Management Committee to theirs or the council's advantage.

Each member of the Management Committee holds one fully paid share of £1 in Govan Housing Association. The Executive Officers of Govan Housing Association hold no interest in Govan's share capital and although not having the legal status of "Director" they act as Executives within the authority delegated by Management Committee. The members of the Management Committee are unpaid. The governance arrangements include a Management Committee with additional Committees for Audit, Staffing and Operations.

The Management Committee has seen a considerable change in its membership and governance since 2012. The governance of the Association has been significantly strengthened with the addition of a number of new members with a range of relevant knowledge, skills and experience.

GOVAN HOUSING ASSOCIATION LIMITED

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

Review of Business and Future Developments (Contd.)

During 2015-16, the Association were delighted to welcome a further 3 new members; namely; Gary Maguire MBE, Colin Quigley and Alison Martin, who all bring a wide variety of experience and knowledge of the local area to the Management Committee.

During the year, the Management Committee underwent a full Training Needs Analysis for all members. The main purpose of this exercise was to ensure that governance arrangements are 'fit for purpose' and reflect the best practice guidance. Management Committee see this exercise as an on-going piece of work and therefore a key focus of the plan going forward will include:

- Emphasis on a professional, dedicated and skilled Management Committee;
- Continual review of terms of Management Committee members;
- Continual review and monitoring of the Codes of Conduct and Governance;
- Continual development of a training needs analysis for individual Committee members and the Committee as a whole to meet the needs of the current operating climate;
- Continual focus on succession planning and Committee member development;
- Continual development of the 3 sub-committees to support the Management Committee;
- Recognition of customer led scrutiny of the Association through the Service Scrutiny Panel and other means.

The Executive Management Team of the Association during the period to 31 March 2016 was as follows:

Executive Management Team

Mrs Fiona McTaggart - Chief Executive
Ms Natalya Macholla - Deputy Chief Executive

The Executive Management Team, led by Chief Executive, Fiona McTaggart, are responsible for achieving the vision, strategic and operational outcomes, priorities and plans of the Management Committee outlined in the business plan. It is vital that the Executive Management Team ensure a high standard of professionalism, performance and innovation in their work. Vital to this is the ability to demonstrate a dynamic and hands-on approach in their work and in leading their respective teams as we continue to drive towards our overall mission of *'Moving Govan Forward'*.

Recruitment and Training of Members

Vacancies on the Management Committee are filled from members of the community who have a commitment to the furtherance of social housing and the aims and objectives of the Association. Members are drawn from a wide range of backgrounds and experience to maintain the necessary mix of skills required to govern and control a complex organisation. All Management Committee members receive initial induction training and are then eligible to attend internal and external training events which not only build on existing experience but provide an opportunity to develop new skills and to network with their peers from across the housing sector.

GOVAN HOUSING ASSOCIATION LIMITED

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

Business Plan 2015 - 2018: *'Moving Govan Forward'*

The business plan is the primary document for Govan Housing Association; it provides the strategic and operational direction for the Association, provides staff and Committee with a common direction, and helps to ensure that we remain a financially viable, fit for purpose organisation aiming to improve services and provide a high standard of living for our residents.

The business plan demonstrates how we will achieve our vision and priorities over the next three years. It confirms how we are responding to the environment in which we operate to improve services, the quality of our stock and how we aim to create sustainable communities and support fully our local community over the next three years and beyond.

Govan Housing Association possesses a rich history and one of development and innovation. Founded in 1971, Govan Housing Association was the first community based housing provider, leading the way for social housing provision in Scotland. It is this innovation that our business plan aims to achieve and as such the business plan sits within the wider strategic framework of priorities and plans for housing and communities, both locally and nationally working collaboratively with key partners such as Central Govan Action Plan to regenerate and continually develop and improve the lives of our residents and future residents in the Govan area.

A number of changes have taken place over the past few years, including an extensive staff restructure and comprehensive service reviews. The business plan will cover the period April 2015 to March 2018. It will endeavour to build on the successes of the last few years, as well as the learning from some significant challenges presented to the housing sector as a whole, notably the welfare reform, increasing levels of fuel poverty, the requirement for all of our stock to meet the new Energy Efficiency Standard for Social Housing and the need to protect our investment through comprehensive planned and cyclical maintenance programmes.

Consultation on the business plan has been achieved through a variety of methods, events and activities. We have discussed the plan and its priorities with our service users and our Service Scrutiny Panel. The plan has within it extensive performance monitoring and risk management arrangements to ensure that it will deliver tangible benefits and outcomes for our customers and the wider community.

The Management Committee and staff had a number of meetings and 'away days' during 2014 and 2015 where business planning and reviews were discussed. The Management Committee, Executive Management Team and their teams have contributed extensively to the development and production of the business plan and indeed the ongoing review. This approach will continue over the period of the business plan to ensure that we continue to remain aware of the wider issues that are affecting our customers and the wider Govan community.

STRATEGIC REPORT

Overview

The finances of the organisation are governed by the detailed 30 year financial projections and strategy outlined in the business plan which was agreed by the Management Committee in March 2015. These projections demonstrate the challenges that the Association is expecting to meet and demonstrate the likely impact on the cash flow and financial capacity of the Association when meeting these challenges. The financial projections outlined in the business plan are reviewed regularly and approved by the Management Committee annually. This process is linked fully to the annual budget process and the management of our financial covenants with our key lender, The Royal Bank of Scotland.

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

Review of Business and Future Developments (Contd.)

Balance Sheet

Housing Properties are demonstrating additions of £2,935,444 in the year, of which the majority of this balance relates to properties purchased towards the end of the financial year. The Association received support from Glasgow City Council (Development and Regeneration Services) to acquire these, previously owner-occupied or privately let properties, across the Govan and Ibrox area. The remainder of this balance related to major repair costs to existing properties which were capitalised in line with the component accounting guidelines and related to major works required to bring the acquisition properties up to the required standard and in line with the Scottish Housing Quality Standards. A number of these properties were acquired in a major state of disrepair and as a result required new kitchens, bathrooms, full re-wires and central heating systems in the majority of cases.

Our other Tangible Fixed Assets have also increased in the year with the majority of this balance relating to the re-implementation of our Housing Management and Finance IT systems.

The debtors balance at the year end is £677,342 of which the gross rent debtor equates for £322,977. The former tenant arrears have a provision for bad debt based on the value of the debt with current tenant arrears being provided for based on the age of the debt currently in effect. Also included in the debtors figure at the year end is a balance of £245,535 which relates to the Social Housing Grant accrued in relation to the acquisitions carried out towards the year end. All monies in relation to this balance have been received post year end.

The cash in hand at the year-end is £4,417,245.

Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 21. The surplus made in the year of £914,408 (2015 - £1,923,227) has been transferred to the Association's revenue reserve in full.

We would note the prior year adjustments required as a result of FRS 102 which has resulted in last years surplus of £910,686 being re-stated to £1,923,227 for comparative purposes.

The statement of Changes in Equity on page 24 details the reserve position at the year end

Cash Flows

The Cash Flow statement is shown on page 23. The net cash inflows from operating activities were £2,839,980. The principal cash outflows were operating costs and investment.

Financing and Liquidity

The Association continues to hold a £2.5m revolving credit facility which remains undrawn but which are immediately available for drawing should they be required. During the year no additional short or long term borrowing was required.

The 2015/16 cash flow was managed so that the Association would fund the current year's activities with no borrowing required. Going forward into 2016/17, as the investment programme progresses and results of the stock condition survey become evident, the Association do not foresee any need to borrow additional sums in order to meet requirements.

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

Review of Business and Future Developments (Contd.)

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 28 days from receipt of an invoice.

Capital Structure and Treasury Management

The Association's operations are funded on the basis of a 30 Year Business Plan which has to be reviewed annually. The funding is driven by a loan facility provided by our main lender, The Royal Bank of Scotland and grants provided by the Scottish Government. At the 31 March 2016 the Association had £2.5m in undrawn loan facilities which are immediately available for drawing should they be required.

The Association also has in place an active treasury management function, which operates in accordance with the Treasury Policy approved by the Management Committee. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The Association, as a matter of policy, will maintain a mixed portfolio of fixed and variable interest rate borrowing with no more than 50% of borrowings exposed to variable rates. At 31 March 2016 the Association has a mix of 51% long term fixed and 49% variable rate finance.

Planning for the future

The Association will review its 30 year Business Plan annually which includes all long term plans for the business over the 30 year period. This is subject to review and amendment every year as real issues emerge and the financial climate changes so too must the Business Plan evolve to meet those challenges. Where required, the Business Plan projections will be reviewed on a more regular basis to ensure that risks are managed and current challenges are met without putting the business or its investment at risk.

The financial projections are a sub-section of the overall Business Plan. They demonstrate the key aspects of the business and the main areas of expenditure, notably; operating costs, planned and cyclical maintenance, day-to-day repairs and general investment across our stock. The key areas of funding for these activities are rental income, grants and loan debts. The financial plan and projections provide certainty in demonstrating the Association's ability to achieve the objectives of the Business Plan and provide a direct correlation between the strategic and operational objectives and the resources required to achieve these.

The key assumptions underpinning the 30 year projections are the investment in our stock to meet relevant standards, including the new requirements of the Energy Efficiency Standard for Social Housing (ESSH) and monies required to meet the costs of maintaining our stock based on our stock condition survey data and the Association's overall asset management strategy. In addition to this, the plan also demonstrates caution around the welfare reform, anticipating higher levels of rent arrears and potential void loss. The plan also includes resource to bring up the general environment in which our tenants and residents live, including back court improvements and wider regenerative initiatives.

The sensitivity analysis incorporated into our 30 year projections provides the Association with better awareness and the resources to assist with the management of any potential challenges which affect the Association and indeed the housing sector as a whole.

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

Review of Business and Future Developments (Contd.)

During the year, the Association successfully adopted the transition to the new Financial Report Standard 102 (FRS 102). This has resulted in a number of prior year adjustments and additional disclosure which are clearly outlined throughout the content of our year end accounts.

The Association has had a successful year working collaboratively with Glasgow City Council to acquire further units across the Govan and Ibrox area to increase stock numbers and, more importantly, look at addressing wider physical, economic and social regenerative issues that are occurring in the area. The Association has received considerable grant funding to subsidise the cost of both acquisition of properties but also follow-up repair works required to bring properties up to the standards required by the Scottish Housing Regulator and the Scottish Housing Quality Standards.

The Association also completed the its stock condition survey and planned maintenance programme in the year and will go out to consultation with residents in early 2016 to obtain feedback before finalising the programme. This investment programme will demonstrate the Association's commitment to develop and enhance the quality of our stock, address wider issues such as fuel poverty and also look at the specific requirements of our pre-1919 tenemental stock and the obligations for the stock within the Conservation Area.

The Association is in a strong financial position with revolving loan facilities available to it on demand. The Association has also confidently met its banking covenants and borrowing requirements throughout the year.

As a business we continue to recognise the growing financial and structural pressures on the sector but consider that we have the commitment, skills, financial capacity and structure to enable us to provide a quality, customer-focussed and diverse service to our residents.

Income and Expenditure

The turnover of £7,309,136 relates mainly to the income from the letting of properties which accounts for £5,409,165 of this total. The balance of income of £1,899,971 relates to support activities, factoring income, grant funding from sources such as the Scottish Government and People and Communities Fund.

Total Operating Expenditure was £5,951,745, consisting of:

- Service Costs £222,033.
- Management and maintenance administration costs - £1,560,997.
- Reactive Maintenance - £1,293,853.
- Planned and Cyclical Maintenance, including Major Repairs - £422,943 expenditure which has been capitalised is detailed in note 3 on page 28.
- Other Costs - £369,011.

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

Review of Business and Future Developments (Contd.)

Risk Management and Internal Control

The Association recognises that there are risks associated with anything new and untried and as a result wants to embrace new opportunities and recognising that, it will rarely be possible to remove risk associated with new opportunities completely. Thus the Association's aim is to identify, manage and minimise, rather than eliminate, risks which may prevent the organisation achieving its objectives. The identification and management of risk is on-going and occurs as changes are made to how the Association operates and to the external environment in which it works.

This risk management policy forms part of the Association's internal control and corporate governance arrangements. The policy explains the Association's underlying approach to risk management, and documents the roles and responsibilities of the Management Committee, the Executive Management Team, and other key parties. Central to the Association is its processes and framework for risk management. The Association is committed to embedding risk management throughout the organisation and its systems and controls are designed to ensure that exposure to significant risk is properly managed. The Management Committee set internal policy on risk and internal control as well as having responsibility for determining the strategic direction and providing oversight of risk management.

The Association recognises that the management of risks is a continuous process that is linked to the Association's annual business planning cycle and is designed to identify and prioritise the risks to the achievement of policies, aims and objectives. Therefore, the Association encourages a culture that embraces risk at the heart of decision making and promotes this throughout the organisation so that risk appreciation and consideration is a part of normal work.

Management Committee will evaluate the effectiveness of the Association's risk management and internal control procedures. As part of this, the risk register is reviewed and reported via the Audit Sub-Committee, with ownership of each risk being attached to a specific officer of the Association. The top 5 risks facing the Association are currently:

1. Loss of income due to significant increases in arrears, particularly due to the impact of the Welfare Reform.
2. Increase in the SHAPS final salary pension scheme deficit liability leading to additional contribution costs and pressures on resources and cash flow of the Association.
3. Increases in costs and reductions in private finance in light of the current financial and economic climate impacting on investment opportunities.
4. Failure to deliver on the asset management strategy of the organisation resulting in hard-to-let properties general fall in the standard of the Association's stock.
5. Failure to diversify our staffing and Management Committee to reflect the community composition.

Annual Return on the Charter

During the year, the Association produced our second Annual Report on the Charter. This enabled us to demonstrate to tenants and service users our progress in meeting the standards and indicators outlined in the Scottish Social Housing Charter.

Over the past year the Association has tried a number of different ways to engage and obtain feedback on both our current and future service delivery. The Association has also taken different approaches to get our customers and the community as a whole involved. Throughout 2015-16, this has primarily taken the form of tenant consultation through newsletters, our Annual Fun Day, effective use of the Association's Community Hub, our Service Scrutiny Panel and attendance at key community events. This work has assisted us in determining what information might be of most interest to our customers.

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

Review of Business and Future Developments (Contd.)

Monitoring and reporting on our performance is something that we do on a regular basis, so although the format was new in the year, the principle was not. The SHR Landlord Report, demonstrated to us, that despite performing well in many areas of our business, there remains room for improvement and effective strategies and action plans are in place to address this as we continue on our vision of 'Moving Govan Forward'.

Service Scrutiny Panel

During the year we have also developed our Service Scrutiny Panel providing more focus on the key purpose and aims of the group. The main focus of this Panel is to provide the Association with a unique opportunity to get our customers involved in assessing our performance, influencing decisions and making recommendations on how we could improve the services we provide.

The Panel has provided the Association with a formal way to present recommendations directly to Management Committee. Importantly, the Panel will also complement our other participation opportunities such as Registered Tenant Organisations and local community groups.

Key Performance Indicators (KPIs)

The Association's KPIs are reviewed quarterly via the Operations Sub Committee and documented in the Annual Return on the Charter (ARC) to the Scottish Housing Regulator. The KPIs are also reported to our residents through our quarterly newsletters to ensure that our residents are fully aware of how the Association is performing.

The Housing Management team have a fundamental role to play in delivering improved housing services to our tenants, driving forward efficiency and delivering agreed outcomes whilst ensuring that the needs of our community are recognised. As a result, Housing Management are committed to continuous improvement and to playing its part in enabling the Association to achieve its aims and objectives. With this in mind, we aim to ensure that we meet our performance targets and where we do not, we take the most appropriate remedial action to make improvements.

KPI	Target	2015-16	2014/15	2013/14
New Lets	n/a	41	26	55
Re-Lets	n/a	248	168	196
Total Gross Arrears	5%	7.96%	6.53%	6.08%
Void Re-let Times	14 days	28 days	26 days	31 days
Void Rent Loss	0.50%	1.09%	0.87%	1.15%
Section 5 Referrals	25%	16.73%	45.24%	22.31%
Tenancy Sustainment > 1 year	n/a	81.04%	88.05%	81.22%

Following the 2014/15 remodelling of services in housing management and the introduction of the generic housing service, the new teams have continued to develop their services to customers, ensuring the Association achieves quality outputs and improved resident satisfaction. This service model is driven by customer focus and is heavily performance outcome driven.

The Association recognises that the issues which are important to tenants, and the community as a whole, are where the Association should focus its energy and resources, and this includes providing a holistic response to customers housing needs. The revised generic service delivery model has been established to deliver on that vision.

Community Development and Tenant Support

The Association faces a challenging environment of welfare reform, economic downturn, increasing unemployment and reduced public spending. These factors are having, and will continue to have, an adverse effect on many of our customers, particularly those that are vulnerable and on low incomes.

Creating and maintaining successful tenancies lies at the heart of Govan Housing Associations vision - to create homes and places where people want to live. During the year, the Association has implemented a full Community Inclusion Team to help address some key factors pertaining to the community, notably:

GOVAN HOUSING ASSOCIATION LIMITED

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

Review of Business and Future Developments (Contd.)

- **Financial Inclusion** - to improve collection rates by targeting interventions to those at greatest risk of tenancy failure or who have higher levels of personal debt.
- **Welfare Reform** - To seek to mitigate the potential impacts of the continued roll-out of Universal Credit and other benefit reforms to residents.
- **Tenancy Support** - To improve tenancy sustainability by providing applicants and tenants with support and advice tailored to their needs, to maximise their opportunities to sustain their tenancy, support health and wellbeing maximise their life opportunities. To develop and improve understanding of tenancy failure and its causes, developing our knowledge and use of data to develop services and solutions to reduce unnecessary and preventable tenancy failure.
- **Financial Capability and Economic Stability** - To improve the financial and economic stability amongst our tenants, developing financial capability, employability, and supporting tenants through economic downturns and changes brought about by welfare reform and other key areas e.g. fuel poverty.
- **Training and Employment** - To work collaboratively with partner agencies to further develop our approaches to supporting effective employment and training opportunities.
- **Community Regeneration** - To work holistically and within a multi-agency approach to address and implement key regenerative initiatives and projects to better improve the local community and the lives of our residents.
- **Tenant Participation and Inclusion** - To work collaboratively with local partners, Tenants and Resident Association's, the Service Scrutiny Panel and the community as a whole to effectively promote the services of the Association and obtain vital feedback on the Association's existing service provision in order to build on and improve our future service delivery.

The Community Inclusion team will continue to develop going forward in order to meet the diverse needs of the Govan community and to enable the Association to meet its ambitious, performance-driven Key Performance Indicators.

Welfare Reform

Govan Housing Association has identified the loss of income due to welfare reforms as one of the highest risks affecting the business. Over the last year, Govan Housing Association has continued to mitigate the loss of income by implementing a Community Inclusion Team and specifically bringing in the resource of a Financial Inclusion Officer. The Association has also focussed on up-skilling staff to ensure maximisation of benefits to customers, including housing benefit. Through attendance at specific training and delivery of in-house training, knowledge and skills have been improved and staff have become better equipped to identify factors which may lead to tenancy failure at an earlier stage.

To continue to mitigate this risk the Association continues to work with our customers to provide advice and assistance on the impacts of welfare reform including:

- Advice on our website and regular features in our quarterly newsletter, promoting the services of internal staff and external partner agencies for one to one support.
- Focus on early intervention and on preparing customers for the changes by continuing to provide awareness for tenants and their families at every stage of their tenancy i.e. tenancy sign-up, settling in visits, and ongoing tenancy interventions through our Housing Management and Community Inclusion Teams.
- Support through local partners, Money Matters, to increase opportunities of improving tenant's budgeting skills and opportunities to access digital inclusion projects which may facilitate low cost finance options, access to benefits and also job searches.
- On-going partnership working with Glasgow City Council to promote the take up of discretionary housing payments by our customers;
- Facilitating local events e.g. Fun Day, to consult with local residents on key matters which are important to them, ensuring that the Association is well placed to meet local need.

GOVAN HOUSING ASSOCIATION LIMITED

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

Review of Business and Future Developments (Contd.)

MAINTENANCE AND REPAIRS

Maintenance

During 2015-16, Govan Housing Association received a total of 5,330 repairs orders, an increase of 174 from the previous year.

Emergency repairs have shown a considerable increase in the year, equating for 5.9% of the total repairs recorded in the year (2014-15: 3%).

The performance in the year on key areas of our repairs and maintenance services are outlined below along with the respective targets to which the key performance indicator relates:

KPI	Target	2015-16	2014/15	2013/14
Emergency Repairs – Average Time	3 hours	2.03 hours	1.48 hours	3.51 hours
Non-Emergency Repairs	4 days	4.35 days	4.18 days	4.12 days
Gas Servicing	100%	98.16%	98.04%	96.26%
Customer Satisfaction – Very of Fairly Satisfied	98%	98.65%	98.22%	98.07%
Right First Time		82.96%	93.60%	88.44%

Acquisitions

During 2015-16 the Association again worked in partnership with Glasgow City Council, Development and Regeneration Services (DRS), to acquire owner-occupied properties in the area. This piece of work has enabled the Association to acquire stock which will allow the Association to move forward with major repair works, where required, and provide much needed social rented accommodation to the Govan area. At the 31 March 2016, the Association had acquired 40 properties.

Investment

The Scottish Housing Quality Standard (SHQS) was introduced by the Scottish Government in 2004 and sets a standard which all RSL and local authority housing stock must meet.

At the 31 March 2016, the Association held a total of 1,518 properties, of which 52% were meeting the SHQS and 45% were exempt. The exemptions are primarily in relation to the restrictions in the layouts of the pre-1919 tenemental stock. At the year-end, there were 3 properties failing the SHQS and 38 in abeyance. The properties in abeyance were in relation to the acquisition stock purchased at the year-end, whereby timescales did not allow for the works to be carried out prior to the year end. All necessary works have since been carried out to bring these properties up to standard.

In addition to our SHQS compliance, the Association also has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of properties, which have come to the end of their economic lives. In line with the SORP, replacements to building components are capitalised in the accounts as they occur. All other major repairs are charged to the Income Statement.

A number of extensive planned maintenance works have been undertaken in the year, including:

- Roof and gutter maintenance works.
- Kitchen Replacements at Wanlock Street Development.
- Urgent stonework repairs required to a number of our pre-1919 tenements.
- Replacements of kitchens and bathrooms in newly acquired stock through Glasgow City Council acquisition strategy.

GOVAN HOUSING ASSOCIATION LIMITED

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

Review of Business and Future Developments (Contd.)

Going forward into 2016-17 the Association shall be utilising the results of the extensive stock condition survey to take forward major planned works e.g. window replacements, kitchen replacements, bathroom renewals, as well as looking at implementing comprehensive, value for money, cyclical programmes to address paintwork, estates and other communal areas. The key objective of this piece of work is to build on the last stock condition survey carried out in 2012, and to develop a clean data-set to use as the foundation for all planned works going forward. The Association's aim is to strive towards 100% actual stock condition data, limiting the need to use cloned/assumed data. The longer term effect of this work will result in more accurate long-term planning both operationally and financially and importantly will provide an effective means by which to manage tenant expectations and provide high-quality homes for both current and future tenants.

Govan HOME Team

During 2015-16, the Association have continued to grow and develop our in-house direct labour organisation with a view to seeking continuous improvements, and obtaining improved value for money. Our Govan HOME Team delivers multi-trade services for our properties and our open and common spaces. After various operational reviews the Association developed further this area of the business to take forward the Association's ambition to deliver our savings and improvements.

Going forward, these improvements and changes will show improved outcomes for tenants in relation to repairs and maintenance, improved open environments and green spaces, cleaner neighbourhoods and a more efficient and effective use of our staffing resources in delivering savings with improved standards.

In 2015-16 the Association completed the recruitment of 7 estate caretaking staff, through a local employment initiative, to reduce the necessity to rely on the use of external contractors and to enable the Association to provide a more comprehensive service within the estates.

The Govan Home Team continue to develop the environment in and around Govan by, improving old brick bin stores and working to increase bin storage capacity, maintaining anti-dog fouling campaigns, power washing our streets and back courts, regenerating old and poorly positioned flower planters, fitting new kitchens and bathrooms and contributing to the development of hanging flower baskets along Govan Road.

All of these activities have been positive steps to "Moving Govan Forward" and these changes have been embraced by the staff who recognise the need for change themselves.

The restructured service models implemented in 2015-16 have been essential components for the Association in delivering on our improvements agenda and as we look to the future investments from our planned maintenance programs such as guttering, renewal of electrical consumer units, gas maintenance, painter works, stonework repairs, roof repairs, new central heating, boiler replacements, kitchen upgrades and renewals.

Gas Safety Compliance

The Association has a legislative obligation to maintain all gas appliances within its properties. This maintenance obligation extends to an annual inspection and service of each appliance, with appropriate certification being issued by a registered Gas Safe engineer. This obligation excludes appliances installed by tenants.

As at March 2016, 98.16% of applicable appliances had a valid safety certificate. Over the year, the Association has implemented a vigorous escalation procedure, including both Housing Management and Maintenance staff, to ensure access to all properties is achieved in advance of the expiry date of the safety certificate. When deemed necessary, this procedure includes forcing access to properties. To assist with this process, over the course of the year, the Association has continued with the reduced gas servicing cycle of 10 months which will ensure that sufficient time is provided to access our most vulnerable tenancies and that quality or legislative requirements are not compromised.

ORGANISATIONAL DEVELOPMENT

Awards and Recognition

During 2014-15, the Association was awarded with the prestigious Investors in People Silver Accreditation. This is an award that the Association is very proud of and comes at the end of a period of considerable change for the Association, recognising staffs key role in being a fundamental asset to how our services are delivered and developed. During 2015-16, the Association has built on this accreditation and in early 2016-17 will be assessed against the new Investors in People Framework to establish whether Gold or Platinum Accreditation can be met.

GOVAN HOUSING ASSOCIATION LIMITED

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

Review of Business and Future Developments (Contd.)

In addition to the Investors in People Accreditation, the Association also in the year became one of the first Housing Associations in Scotland to receive the Investors in Young People Accreditation. This award demonstrated the recognition of the role that young people play in our business and demonstrates the Association's continued investment in the staff team at all levels. Again the Association will be assessed against the new framework in early 2016-17 to establish what improvements have been made against the revised criteria.

The Association appreciates that continued investment in the people within our organisation helps to ensure that we have a diligent, committed and skilled staff team who care about the people in the community and are determined to provide the best service possible to our service users. These awards have been a great recognition demonstrating the passion of our staff team and also highlighting the freshness and vibrancy that young people bring to our organisation. We hope to build on this going forward, using our experience as an employer within the social rented housing sector to enhance the opportunities for young people and use this experience to develop the business as a whole.

Learning and Development Opportunities

The Association continues to partner with organisations such as the Scottish Council for Voluntary Organisations, Job Centre Plus and Glasgow City Council to deliver a comprehensive range of employment opportunities across the Association. In the year the Association offered 11 training opportunities for young people aged between 16 and 25 to work for a minimum period of 6 months within the Association across various roles.

The Association also remain committed to offering a wide range of learning opportunities for staff. This has included the provision of:

- Further education within a college or university setting through distance learning.
- Scottish Vocational Qualification Level 2 and 3 in Business Administration.
- Short courses.
- Conference attendance by both members of Govan Housing Association staff and Committee Members.

During 2015-16, the Association introduced eleven new training roles within the Association; Trainee Estate Caretakers and Trainee Operations Assistants. These roles will not only include considerable vocational experience, they will also incorporate a diverse range of in-house and external training to build their competence and better prepare them for future employment and career development.

IT Systems

Following a comprehensive review in 2014-15 of the Association's hardware and software, the newly created in-house ICT User Group consisting of staff from various areas of the business have been progressing with the re-implementation of the Association's Housing Management and Finance System, QL-x. It is anticipated that the full implementation will be complete in mid-2016-17 with the main outcomes of this project being:

- Customer-focused systems providing more options for our tenants to liaise with the Association;
- Streamlined systems which ensure that resource within the organisation is used effectively;
- Systems that will support the growth of the organisation and the service improvements that the aims to achieve;
- Systems that provide a more effective interface and promote interactivity between the Association and its key contractors;
- Strong robust systems, with good levels of internal control to protect the Association.

REGENERATION AND DEVELOPMENT

As part of our new business plan, the Association launched a Community Development and Regeneration Strategy covering a two year period from 2015 to 2017. Building on the work that has been carried out to date, the strategy takes on board the main mission of *'Moving Govan Forward'* and the view that the Association wants to deliver a service which goes far beyond the basic housing service. The Association through this strategy wants to deliver a service which puts the Association at the heart of the Govan community again, puts tenants and the wider community interests at the heart of projects undertaken and which tackles the wider economic and social challenges facing the Govan area.

GOVAN HOUSING ASSOCIATION LIMITED

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

Review of Business and Future Developments (Contd.)

Our vision is to be an innovative and responsive organisation, playing a leading role in the regeneration of Govan and continuing to improve the quality of life of residents.

The implementation of our Community Inclusion Team in the year will help to develop this strategy further and ensure that the Association continues to work effectively to meet local demand and achieves its objective of being a true community anchor organisation.

Holistic Partnerships

Govan Housing Association are clear that the vision for the regeneration and development of the Govan area cannot be achieved alone and therefore a main element in our approach is about adopting a holistic partnership approach to tackle problems, deliver effective services, learn, innovate and add best value to our community. Management Committee's aim is to work in partnership with tenants, owners, staff, other Registered Social Landlords (RSLs), Glasgow City Council, local regeneration projects and other agencies to deliver a wide range of social, economic and environmental regeneration activities that will contribute to the creation of building a safer and sustainable community.

Our Key Aims

The Association wants our customers to feel safe, secure and supported by the community and for customers to have a long association with the area, to feel a sense of belonging and to have pride in it. This underpins the great importance of the holistic approach to partnership working, collaboratively working with others to:

- Contribute towards the broader needs and desires of our tenants and their respective communities.
- Establish opportunities for the growth and development of a stronger, more sustainable Govan
- Exploit opportunities to provide possibilities and wider options for our customers to build their skills and their life prospects.
- Provide resource and activities which our tenants can take pride in and which demonstrate vibrancy and inclusiveness attractive to both current and future customers and community members.

In order to achieve our objectives our Community Development and Regeneration Strategy will aim to deliver on the following key themes:

1. Community Engagement and Involvement.
2. Employability and Training Opportunity.
3. Building Sustainable Communities.
4. Youth Development and Integration.

Going Concern

The Committee of Management has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has a reasonable expectation that the Association has the adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Information from Auditors

As far as the Management Committee are aware there is no relevant audit information of which the auditors are unaware and the Management Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Management Committee and Executive Officers

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

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

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

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 require the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 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 Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee 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 Management Committee 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.

GOVAN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Statement on Internal Financial Control

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

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- 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 Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee 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 £1,390 (2015 £790).

Auditors

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

By order of the Management Committee


MISS GEORGINA HAY
Secretary
28 July 2016

GOVAN HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF GOVAN HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS



In addition to our audit of the Financial Statements, we have reviewed your statement on Page 17 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 17 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes 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 Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the 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 .

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
28 July 2016

We have audited the financial statements of Govan 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 accounting standard of the United Kingdom.

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 Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit on the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. 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.

Matters on which we are required to report by exception

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

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

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

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

- 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
28 July 2016

GOVAN HOUSING ASSOCIATION LIMITED

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

	Notes	2016 £	2015 £
REVENUE	2.	7,309,136	6,891,244
Operating Costs	2.	(5,951,745)	(4,495,696)
OPERATING SURPLUS	9.	1,357,391	2,395,548
Gain / (Loss) On Sale Of Housing Stock	7.	18,000	(26,221)
Interest Receivable and Other Income		10,972	12,893
Interest Payable and Similar Charges	8.	(383,553)	(390,350)
Other Finance Charges	11.	(88,402)	(68,643)
		(442,983)	(472,321)
SURPLUS FOR YEAR		914,408	1,923,227
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		914,408	1,923,227
Tax on surplus on ordinary activities	10.	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		914,408	1,923,227

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 25 to 40 form part of these financial statements.

GOVAN HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

	Notes	2016		2015	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		63,594,261		62,619,722
Other Non Current Assets	12.(b)		1,338,988		1,324,964
			<u>64,933,249</u>		<u>63,944,686</u>
CURRENT ASSETS					
Receivables	15.	677,342		1,112,722	
Development Cost of Housing Property		-		586,957	
Cash at bank and in hand		4,417,245		2,695,296	
		<u>5,094,587</u>		<u>4,394,975</u>	
CREDITORS: Amounts falling due within one year	16.	(2,349,250)		(2,154,180)	
NET CURRENT ASSETS			<u>2,745,337</u>		<u>2,240,795</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>67,678,586</u>		<u>66,185,481</u>
CREDITORS: Amounts falling due after more than one year	17.		(12,043,685)		(12,551,195)
DEFERRED INCOME					
Social Housing Grants	19.	(46,878,878)		(45,792,471)	
Other Grants	19.	(625,570)		(625,769)	
		<u>(47,504,448)</u>		<u>(46,418,240)</u>	
NET ASSETS			<u>8,130,453</u>		<u>7,216,046</u>
EQUITY					
Share Capital	20.		212		213
Revenue Reserves			8,130,241		7,215,833
			<u>8,130,453</u>		<u>7,216,046</u>

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

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 28 July 2016.

Chairperson



Vice-Chairperson



Secretary



The notes on pages 25 to 40 form part of these financial statements.

GOVAN HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

31st MARCH 2016

	Notes	2016	2015
		£	£
Net Cash Inflow from Operating Activities	18.	2,839,980	2,320,888
Investing Activities			
Acquisition and Construction of Properties	(2,935,444)	(2,623,243)	
Purchase of Other Fixed Assets	(118,228)	(374,423)	
Purchase of investment properties	-	-	
Social Housing Grant Received	2,622,816	1,316,887	
Social Housing Grant Repaid	-	-	
Other Grants Received	16,500	-	
Changes on short term deposits with banks	-	-	
Proceeds on sale of investments	-	-	
Proceeds on Disposal of Properties	18,000	-	
Proceeds on Disposal of Other Fixed Assets	144	2,641	
Net Cash Outflow from Investing Activities		(396,213)	(1,678,138)
Financing Activities			
Interest Received on Cash and Cash Equivalents	10,972	12,893	
Interest Paid on Loans	(383,553)	(390,350)	
Loan Principal Repayments	(348,176)	(351,573)	
Share Capital Issued	7	5	
Net Cash Outflow from Financing		(720,750)	(729,025)
Increase / (decrease) in Cash		1,723,017	(86,275)
Opening Cash & Cash Equivalents		2,602,097	2,688,372
Closing Cash & Cash Equivalents		4,325,114	2,602,097
Cash and Cash equivalents as at 31 March 2016.			
Cash		4,417,245	2,695,296
Bank overdraft		(92,131)	(93,199)
		4,325,114	2,602,097

The notes on pages 25 to 40 form part of these financial statements.

GOVAN HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2014	215	5,292,606	5,292,821
Issue of Shares	5		5
Cancellation of Shares	(7)		(7)
Surplus for Year		1,923,227	1,923,227
Balance as at 31st March 2015	<u>213</u>	<u>7,215,833</u>	<u>7,216,046</u>
Balance as at 1st April 2015	213	7,215,833	7,216,046
Issue of Shares	7		7
Cancellation of Shares	(8)		(8)
Surplus for Year		914,408	914,408
Balance as at 31st March 2016	<u>212</u>	<u>8,130,241</u>	<u>8,130,453</u>

The opening Revenue Reserves balance at 1 April 2014 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

GOVAN HOUSING ASSOCIATION LIMITED

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 registered 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 when 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 of the asset to which it relates.

Retirement Benefits

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

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 a 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>
Land	Not depreciated
Structure	Over 50 years
Roof	Over 50 years
Windows	Over 30 years
Kitchen	Over 15 years
Bathroom	Over 20 years
Central Heating	Over 15 years

GOVAN HOUSING ASSOCIATION LIMITED

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% Straight Line
Furniture and Fittings	- 25% Reducing Balance
Vehicles	- 15% Straight Line
Office Equipment	- 25% Reducing Balance

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 property and assets to which it relates.

When components are replaced remaining deferred Social Housing Grant on these components is written off to the Statement of Comprehensive Income.

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 Management Committee to exercise judgement in applying Govan Housing 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, are 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.

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 a percentage basis split across the number of properties the Association owns.

GOVAN HOUSING ASSOCIATION LIMITED

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

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

Works to Existing Properties

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

Development Interest

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

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 Management Committee 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

In March 2016 the Association received details from the Pension Trust of the provisional valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Board feel this is the best available estimate of the past service liability.

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

GOVAN 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.	7,005,568	5,582,734	1,422,834	6,516,005	4,063,138	2,452,867
Other Activities	4.	303,568	369,011	(65,443)	375,239	432,558	(57,319)
Total		7,309,136	5,951,745	1,357,391	6,891,244	4,495,696	2,395,548

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared ownership £	2016 Total £	Restated 2015 Total £
Revenue from Lettings					
Rent Receivable Net of Service Charges	5,096,675	44,157	70,996	5,211,828	4,955,126
Service Charges	208,928	27,462	30,211	266,601	219,945
Gross income from rent and service charges	5,305,603	71,619	101,207	5,478,429	5,175,071
Less: Rent losses from voids	68,977	-	287	69,264	44,772
Net Rents Receivable	5,236,626	71,619	100,920	5,409,165	5,130,299
Grants released from deferred income	1,504,513	-	-	1,504,513	1,362,990
Revenue grants from Scottish Ministers	91,890	-	-	91,890	22,716
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	6,833,029	71,619	100,920	7,005,568	6,516,005
Expenditure on affordable letting activities					
Management and maintenance administration costs	1,532,173	7,344	21,480	1,560,997	1,843,271
Service Costs	137,287	80,063	4,683	222,033	211,504
Planned and cyclical maintenance, including major repairs	421,763	-	1,180	422,943	434,863
Reactive maintenance costs	1,293,029	-	824	1,293,853	735,578
Bad Debts - rents and service charges	145,595	-	(526)	145,069	87,994
Depreciation of affordable let properties	1,895,737	-	42,102	1,937,839	749,928
Impairment of affordable letting activities	-	-	-	-	-
Operating costs of affordable letting activities	5,425,584	87,407	69,743	5,582,734	4,063,138
Operating surplus on affordable letting activities	1,407,445	(15,788)	31,177	1,422,834	2,452,867
2015	2,326,228	44,462	82,177		

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.

GOVAN 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	Supervising Person's Income	Total Turnover	Operating Costs	Operating Costs	Operating Costs	Operating Costs	Operating Surplus / (Deficit)	Operating Surplus / (Deficit)	Operating Surplus / (Deficit)	Operating Surplus / (Deficit)
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Wider Role Activities	199,354	27,210	-	5,000	231,564	-	240,025	(8,461)	(58,064)	(8,461)	(58,064)	(8,461)
Factoring	-	-	-	60,812	60,812	20,950	92,181	(52,319)	(19,795)	(52,319)	(19,795)	(52,319)
Other Income	-	-	-	9,768	9,768	-	-	9,768	15,966	9,768	15,966	9,768
Sale of other fixed assets	-	-	-	-	-	-	5,296	(5,296)	(1,639)	(5,296)	(1,639)	(5,296)
Other Activities	-	-	-	1,424	1,424	-	10,559	(9,135)	6,213	(9,135)	6,213	(9,135)
Total From Other Activities	199,354	27,210	-	77,004	303,568	20,950	348,061	(65,443)	(57,319)	(65,443)	(57,319)	(65,443)
2015	97,492	47,412	-	230,335	375,239	15,474	417,084	(57,319)		(57,319)		(57,319)

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.

GOVAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

	2016	2015
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.		
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>83,962</u>	<u>80,756</u>
Compensation payable to Officers for loss of Office	<u>7,500</u>	<u>103,304</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>10,340</u>	<u>10,098</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>83,962</u>	<u>80,756</u>
Total Compensation paid to key management personnel	<u>158,828</u>	<u>143,407</u>

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

	Number	Number
	1	1
£80,001 to £90,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2016	2015
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>39</u>	<u>33</u>
The average total number of Employees employed during the year was	<u>40</u>	<u>34</u>
Staff Costs were:	£	£
Wages and Salaries	1,091,695	1,146,456
Social Security Costs	98,527	89,804
Other Pension Costs	76,450	55,327
Temporary, Agency and Seconded Staff	69,632	19,130
	<u>1,336,304</u>	<u>1,310,717</u>

GOVAN 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	18,000	-
Cost of Sales	-	26,221
Gain / (Loss) On Sale Of Housing Stock	<u>18,000</u>	<u>(26,221)</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	383,553	390,350
	<u>383,553</u>	<u>390,350</u>

9. SURPLUS FOR YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	2,041,097	827,790
Auditors' Remuneration - Audit Services	9,501	8,713
Auditors' Remuneration - Other Services	173	355
Operating Lease Rentals - Other	2,174	3,360
Gain on sale of fixed assets	<u>(12,704)</u>	<u>(27,860)</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>88,402</u>	<u>68,643</u>

GOVAN 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 £	Shared Ownership In course of Construction £	Total £
COST					
As at 1st April 2015	87,686,339	-	802,995	-	88,489,334
Additions	2,277,161	658,283	-	-	2,935,444
Disposals	(93,413)	-	(18,000)	-	(111,413)
Schemes Completed	-	-	-	-	-
As at 31st March 2016	89,870,087	658,283	784,995	-	91,313,365
DEPRECIATION					
As at 1st April 2015	25,660,516	-	209,096	-	25,869,612
Charge for Year	1,896,166	-	42,102	-	1,938,268
Disposals	(88,775)	-	-	-	(88,775)
As at 31st March 2016	27,467,906	-	251,198	-	27,719,104
NET BOOK VALUE					
As at 31st March 2016	62,402,181	658,283	533,797	-	63,594,261
As at 31st March 2015	62,025,823	-	593,899	-	62,619,722

Additions to housing properties includes capitalised development administration costs of £nil (2015 - £nil) and capitalised major repair costs to existing properties of £226,956 (2015 £262,043)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £ 3,991,953. The amount capitalised is £2,277,161, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £2,277,161 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £16,044,692 (2015 - £16,399,589).

GOVAN 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 £	Furniture & Equipment £	Total £
COST				
As at 1st April 2015	75,012	1,531,395	231,121	1,837,528
Additions	-	25,134	93,094	118,228
Eliminated on Disposals	-	-	(12,492)	(12,492)
As at 31st March 2016	75,012	1,556,529	311,723	1,943,264
AGGREGATE DEPRECIATION				
As at 1st April 2015	33,520	339,037	140,007	512,564
Charge for year	12,859	30,603	59,367	102,829
Eliminated on disposal	-	-	(11,117)	(11,117)
As at 31st March 2016	46,379	369,640	188,257	604,276
NET BOOK VALUE				
As at 31st March 2016	28,633	1,186,889	123,466	1,338,988
As at 31st March 2015	41,492	1,192,358	91,114	1,324,964

13. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	212,332	368,838

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

14 COMMITMENTS UNDER OPERATING LEASES

	2016 £	2015 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	2,609	2,085
Later than one year and not later than five years	5,998	6,774

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

GOVAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Arrears of Rent & Service Charges	322,977	321,643
Less: Provision for Doubtful Debts	(145,690)	(152,080)
	<u>177,287</u>	<u>169,563</u>
Social Housing Grant Receivable	245,535	699,871
Other Receivables	254,521	243,288
	<u>677,342</u>	<u>1,112,722</u>

16. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank Overdrafts (secured)	92,131	93,199
Housing Loans	368,867	357,897
Trade Payables	331,563	270,881
Rent in Advance	425,929	349,202
Other Taxation and Social Security	28,780	23,902
Other Payables	460,107	471,346
Liability for Past Service Contributions	236,693	229,799
Accruals and Deferred Income	405,180	357,954
	<u>2,349,250</u>	<u>2,154,180</u>

The bank overdraft is secured over property.

At the balance sheet date there were pension contributions outstanding of £35,376 (2015 £28,362)

17. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Liability for Past Service Contributions	1,173,254	1,321,545
Housing Loans	10,870,431	11,229,650
	<u>12,043,685</u>	<u>12,551,195</u>
<i>Housing Loans</i>		
Amounts due within one year	368,867	357,825
Amounts due in one year or more but less than two years	377,922	365,381
Amounts due in two years or more but less than five years	773,710	1,145,197
Amounts due in more than five years	9,718,799	9,719,071
	<u>11,239,298</u>	<u>11,587,474</u>
Less: Amount shown in Current Liabilities	368,867	357,897
	<u>10,870,431</u>	<u>11,229,577</u>
<i>Liability for Past Service Contributions</i>		
Amounts due within one year	236,693	229,799
Amounts due in one year or more but less than two years	246,656	236,693
Amounts due in two years or more but less than five years	785,261	762,389
Amounts due in more than five years	141,337	322,463
	<u>1,409,947</u>	<u>1,551,344</u>

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 3.58% (2015 - 2.64%)

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

Lender	Effective Interest Rate	Maturity	Variable / Fixed
RBS	4.96%	2024	Fixed
RBS	LIBOR + 1.7%	2041	Variable
RBS	Base + 0.2%	2043	Variable
RBS	5.12%	2022	Fixed
RBS	LIBOR +0.2%	2043	Variable
RBS	4.84%	2041	Fixed
RBS	4.88%	2041	Fixed

A total of 382 properties are secured by RBS with a NBV of £16,044,692.

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

GOVAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31st march 2016</i>	2016 £	2015 £
Operating Surplus	1,357,391	2,395,548
Depreciation	2,009,858	827,790
Change in properties developed for resale	586,957	59,551
Amortisation of Capital Grants	(1,504,513)	(1,411,162)
Change in debtors	435,380	(325,271)
Change in creditors	37,877	841,443
Gain on sale of fixed assets	5,440	1,639
Unwinding of Discount on Pension Liability	(88,402)	(68,643)
Share Capital Written Off	(8)	(7)
Balance as at 31st March 2016	<u>2,839,980</u>	<u>2,320,888</u>

19. DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	45,792,471	44,848,568
Additions in year	2,622,816	2,338,172
Released / Repaid as the result of property disposal	(48,594)	(48,172)
Amortisation in Year	(1,487,814)	(1,346,096)
Balance as at 31st March 2016	<u>46,878,878</u>	<u>45,792,471</u>
<i>Other Grants</i>		
Balance as at 1st April 2015	625,769	642,663
Additions in year	16,500	-
Amortisation in Year	(16,699)	(16,894)
Balance as at 31st March 2016	<u>625,570</u>	<u>625,769</u>
Total	<u>47,504,448</u>	<u>46,418,240</u>

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

	2016 £	2015 £
Amounts due within one year	1,504,513	1,362,990
Amounts due in one year or more	45,999,935	45,055,250
	<u>47,504,448</u>	<u>46,418,240</u>

GOVAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	213
Issued in year	7
Cancelled in year	(8)
At 31st March 2016	<u>212</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.

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016	2015
	No.	No.
General Needs - New Build	477	474
General Needs - Rehabilitation	1,047	995
Shared Ownership	23	23
Supported Housing	24	23
	<u>1,571</u>	<u>1,515</u>

Housing Units owned by the Association but managed by another body:

Name of Provider	No of Units	
	2016	2015
Loretto Care	11	10
Key Housing Association	1	1
Talbot Association	1	1

GOVAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RELATED PARTY TRANSACTIONS

Members of the Management Committee 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 Committee	28,504
Factoring Charges received from owners on the Committee	402

At the year end total rent arrears owed by the tenant members of the Committee were £50

At the year end total factoring arrears owed by the factored owners of the Committee were £nil

22. DETAILS OF ASSOCIATION

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

The Association's principle place of business is 35 McKechnie Street, Govan, Glasgow.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Govan.

23. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £3,718 in the year by way of reimbursement of expenses.(2015 - £3,114). No remuneration is paid to Board members in respect of their duties in the Association.

GOVAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS

General

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

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

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.

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%).

Based on the provisional valuation the 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 £246,656 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.

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.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the 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 £1,409,947 (2015 - £1,374,996). 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 3.58% (2015 - 2.64%).

The Association made payments totalling £246,816 (2015: £240,467) to the pension deficit during the year.

GOVAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. 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 used previously.

The following describes 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			
As previously Stated	Effect of Transition	As Restated	As previously Stated	Effect of Transition	As Restated	
Note	£	£	£	£	£	£
Non Current Assets (i)	16,054,736	47,889,950	63,944,686	16,051,725	46,337,814	62,389,539
Current Assets	4,394,975	-	4,394,975	3,539,924	-	3,539,924
Current Liabilities (ii)	(1,924,381)	(229,799)	(2,154,180)	(1,852,041)	(223,106)	(2,075,147)
Non Current Liabilities (ii)	(11,229,650)	(1,321,545)	(12,551,195)	(11,587,561)	(1,482,702)	(13,070,263)
Deferred Income (i)	-	(46,418,240)	(46,418,240)	-	(45,491,232)	(45,491,232)
	7,295,680	(79,634)	7,216,046	6,152,047	(859,226)	5,292,821
Capital & Reserves	(7,295,680)	79,634	(7,216,046)	(6,152,047)	859,226	(5,292,821)

Reconciliation of Retained Surpluses for the Year			
Year Ended 31 March 2015			
Note	As previously Stated	Effect of Transition	As Restated
	£	£	£
Revenue (i)	5,528,254	1,362,990	6,891,244
Operating Costs (i) & (ii)	(4,213,890)	(281,806)	(4,495,696)
Other Income	(26,221)	-	(26,221)
Interest Receivable	12,893	-	12,893
Interest Payable	(390,350)	-	(390,350)
Other Finance Income / Costs (iii)	-	(68,643)	(68,643)
	910,686		1,923,227
Surplus	910,686	1,012,541	1,923,227

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

GOVAN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. PRIOR YEAR ADJUSTMENT

Prior year figures have been adjusted to accurately reflect the split of capitalised development costs between NSSE (New supply shared equity) properties and held for letting. The impact of the adjustment in 2015 is to increase the value of 'Development Cost of Housing Property' by £232,949 and decrease the value of 'Housing Properties - Depreciated Cost' by £232,949. There is no adjustment to the surplus reported for the year nor the net asset position at 31 March 2015, resulting from this prior year adjustment.