GOVANHILL HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND ACCOUNTS
YEAR TO 31 MARCH 2010

Financial Services Authority. 1791 R (S)

Registered Housing Association No. HCE 117

Registered Charity No. SC010307

GOVANHILL HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND ACCOUNTS
For the year ended 31 March 2010

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GOVANHILL HOUSING ASSOCIATION LIMITED
FINANCIAL AND OPERATIONAL REVIEW
For the year ended 31st March 2010

KEY FINANCIAL HIGHLIGHTS

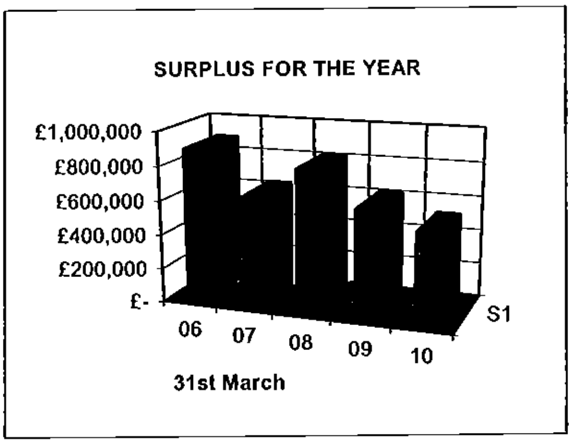
	2009/10	2008/09	Change
• Surplus for the year	£515,891	£616,596	-16%
• Investment in improving existing tenants homes and also providing new housing	£4,555,388	£1,812,363	+151%
• Financial reserves	£10,091,224	£9,575,333	+5%
• Current ratio	2.96 times	3.19 times	-7%
• Interest cover ratio	6.38 times	4.87 times	+31%

This review will consider the financial and operational performance of Govanhill Housing Association Limited (the Association) and its subsidiary companies, Govanhill Community Development Trust Limited and Great Gardens.

GOVANHILL HOUSING ASSOCIATION

SURPLUS FOR THE YEAR - DECREASE 16%

It gives us pleasure to report to our members that the Association made satisfactory operational and financial progress during the year to 31st March 2010. The surplus generated in the year to 31st March 2010 of £515,891 was a significant decrease of 16% on the surplus of £616,596 generated in the previous financial year. The surplus did, however, significantly exceed the budgetary target for the year and also reflects a further increase in our spend on the major repairs programme of £105,645.



The Association's turnover was £5,690,549 during 2009/10, an increase of 3%, compared with the turnover of £5,528,741 in 2008/09.

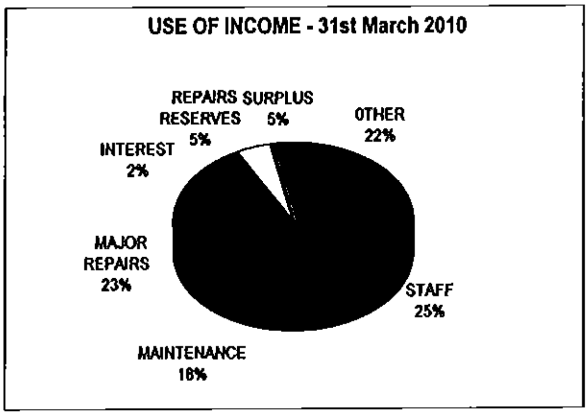
Operating costs increased by 4%, from £4,865,034 in 2008/10 to £5,083,053 in 2009/10. Expenditure on major repairs increased to £1,284,773 in 2009/10, compared with expenditure of £1,179,128 in 2008/09, in line with past decisions by the Committee of Management to increase the major repairs programme in 2009/10 and also to accelerate the major repairs programme and spend more significantly from next year.

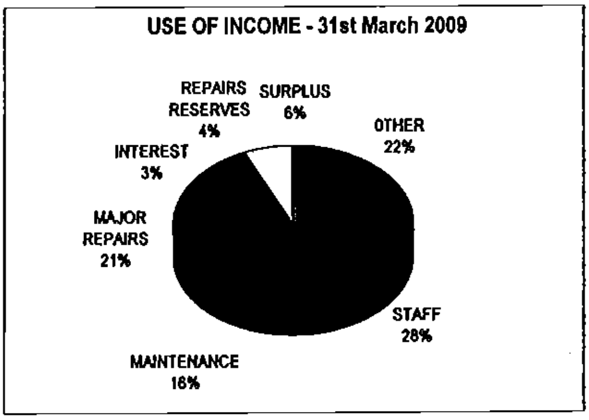
To ensure that adequate funds are available to meet our commitment to carry out future major repairs, the Association has set aside £257,807 from its surplus for 2009/10 of £515,891 and transferred this amount to financial reserves held to fund future major repairs.

The remaining balance increased the Association's revenue reserves to £5,568,187 at 31st March 2010. These revenue reserves are set aside to manage the general risks faced by the Association and they are essential for ensuring the Association's long-term viability and also the security of our tenants' homes.

INCOME AND EXPENDITURE

A breakdown of the use of the Association's income for 2009/10 and 2008/09 is shown on the *graphs below.*





The Association reduced the proportion of its income spent on interest and costs in the year to 31st March 2010, compared with the previous year. The Association increased the proportion of its income spent on maintenance and major repairs of our tenants' homes and also decreased the proportion on income spent on staff costs in the year to 31st March 2010. These changes resulted in the surplus for the year decreasing as a proportion of income from 6% to 5%.

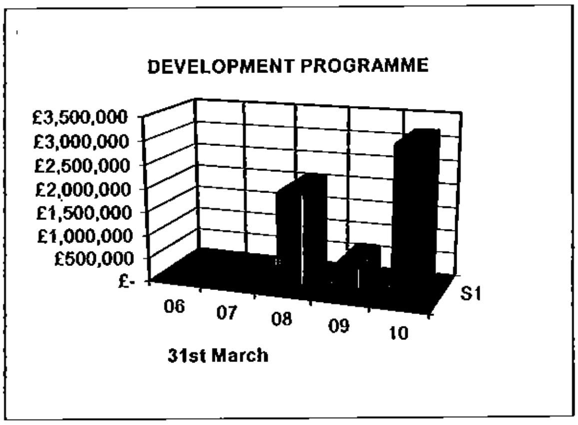
The most significant change was the step-up in major repairs spend from 21% to 23% of income. The Association is committed to a significant programme of major repairs to improve its older stock. We have budgeted for a significant increase in expenditure in our medium-term and long-term financial projections and this will considerably reduce surpluses built up for this purpose in future years. However, such investment will secure the integrity of our stock and improve the amenity of the houses for the benefit of our tenants and meet the requirement to comply with the Scottish Housing Quality Standard.

BALANCE SHEET - ASSETS AND LIABILITIES

INVESTMENT IN HOUSING - INCREASE 151%

It is pleasing to note that the Association was able to invest £4,555,388 in housing in the year to 31st March 2010, comprising of both capital expenditure and major repairs expenditure. However, housing continued to receive a low priority in terms of public sector spend and we were also operating in a very harsh financial climate post the 'credit crunch'. This was an increase of 151% on the investment of £1,812,363 made in 2008/09.

The Association increased its investment in providing new homes, through its development programme, by 416% to £3,270,615 in 2009/10, from £633,235 in 2008/09.



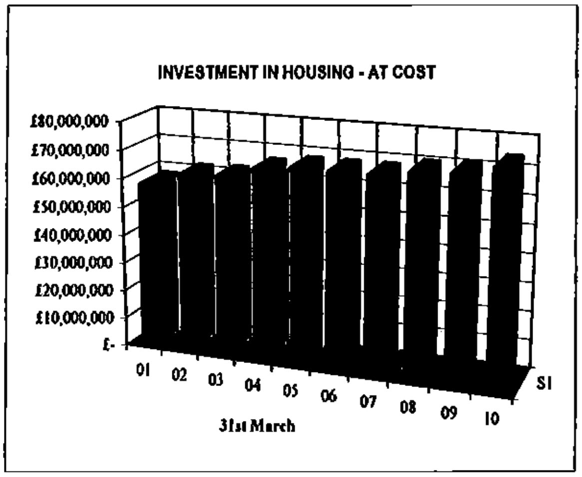
A strong commitment to investment in housing by the Scottish Government and Glasgow City Council is required to eradicate the large number of properties which are still in a sub-tolerable condition within the Govanhill area.

The Association has always campaigned to raise the issue of sub-tolerable housing in Govanhill with various government agencies, the local authority and elected representatives. It is proving ever more difficult to progress this programme of works and we continued to lobby the Scottish Government through our Public Petition to address the scale of the problem. Consequently, during 2009/10, £3.5m has been invested by Glasgow City Council in the south west of the area to address the worst of the property disrepair. The Association is working closely with Glasgow City Council to support this ongoing programme of work.

INVESTMENT IN HOUSING - cont.

Despite the pressures of capital funding constraints, the Association was still able to take forward a development programme with the support of Glasgow City Council. During the last financial year the Association concentrated on completing newbuild housing in Bankhall Street and also on developing its proposals for newbuild housing at Cathcart Road and in Merrylee.

During the last ten years our investment in providing additional housing properties has increased from £56,662,711 at 31st March 2000 to £73,810,947 at 31st March 2010.



It is also appropriate that we take this opportunity to recognise the support that has been provided to the Association from various funding bodies over many years, in particular Glasgow City Council. We look forward to the continued support of all our key partners in future years.

MAJOR REPAIRS AND IMPROVEMENT OF OUR EXISTING TENANTS' HOMES

The Association is committed to a significant programme of major repairs and improvements to our existing tenants' homes in the coming years. We recognise that, as well as investing to provide new homes, it is also essential to continually re-invest in and improve the condition of our existing housing.

This financial year, the Association spent £1,284,773 on its major repairs programme, a 9% increase on the £1,179,128 spent in the previous year. This involved the replacement of 59 older bathrooms with new installations, 62 new kitchens, 79 new central heating systems and various other improvement and upgrading works relating to window replacements, door entry systems, suspended ceilings, and roof repairs.

This programme of works will continue to increase significantly in future years to secure the integrity of the stock and meet the requirements of the Scottish Housing Quality Standard by the year 2015.

When the majority of our existing stock was originally improved the grant funding was restricted, on the basis that future major repairs would receive grant funding as this became necessary. As a consequence of changes introduced into the funding regime applied to housing associations and also public expenditure pressures, the Association is now required to fund future major repairs and improvement of its existing stock from its own resources.

To create the financial reserves necessary to ensure that the condition of the Association's housing stock is adequately maintained will result in an upward pressure on our tenants' rents.

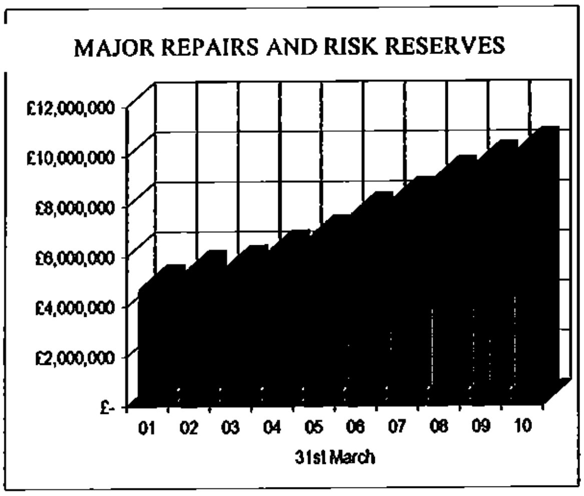
At 31st March 2009 the Association had set aside £4,265,230 of restricted and designated reserves to cover future major repairs expenditure. This was increased further, to £4,523,037 at 31st March 2010, by an additional transfer of £257,807 from the surplus for the financial year of £515,891.

FINANCIAL RESERVES - INCREASE 5%

Financial reserves, consisting of restricted and designated reserves set aside to fund future major repairs and improvement of our housing stock and also revenue reserves set aside to manage the general risks faced by the Association, stood at £10,091,224 at 31st March 2010. This represents an increase of 5%, compared with the financial reserves at 31st March 2009 of £9,575,333.

FINANCIAL RESERVES - INCREASE 5% - cont.

The breakdown between restricted and designated reserves, set aside to fund future major repairs, and revenue reserves, set aside to manage general risks, are shown on the graph below. It will be noted that it has been possible to steadily increase our major repair reserves through careful financial management.



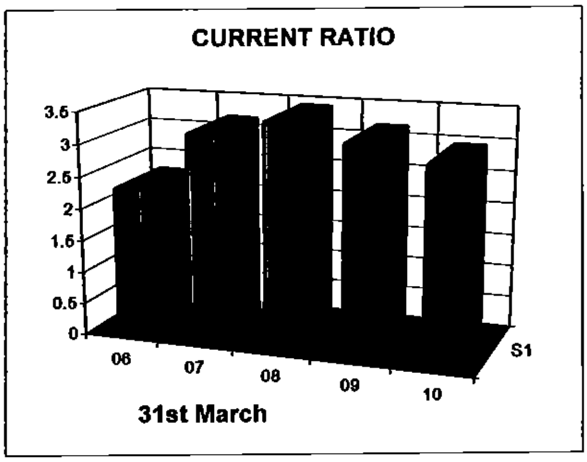
CASHFLOW STATEMENT

CASH AND LIQUIDITY

Net cash inflow from operating activities of £26,321 was generated in 2009/10, compared with a net cash inflow from operating activities of £1,244,381 in 2008/09. This decrease in operational cashflows of around £1 million reflects a significant increase in debtors. This increase in debtors arose from Glasgow City Council delaying grants due to be paid to the Association to fund projects in its development programme.

The decrease in cash generated during 2009/10 of £848,580, from an increase of £838,790 in 2008/09, was mainly due to the decrease in operational cashflows, but was also due to an increase in our net investment in property assets to £639,716 in 2009/10, from £207,507 in 2008/09.

The Association's current ratio (short-term assets available to cover short-term liabilities) is a primary measure of short-term viability and fell from 3.19 times cover at 31st March 2009 to 2.96 times cover at 31st March 2010, a decrease of 7% as shown on the graph below.



This ratio was stronger at 31st March 2010 than the Association's internal target. The ratio will reduce in the coming years, as our cash and bank balances are used to fund a significant programme of major repairs and also to minimise the amount of loans raised for our ongoing development programme.

Cash and bank balances less bank overdrafts stood at £3,649,684 at 31st March 2010, compared with £4,498,255 at 31st March 2009, a decrease of 19% during the financial year.

TREASURY MANAGEMENT

CAPITAL STRUCTURE AND OUR DEBT BURDEN

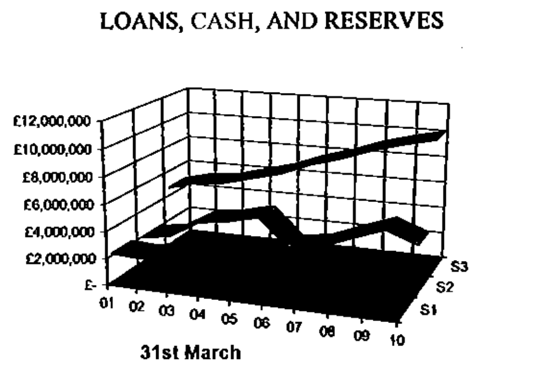
The Association's most significant investments are in property, financed by a capital structure consisting primarily of grants and loans. The Association adopts a conservative policy with regard to its capital structure. Loans are raised as conventional mortgages, secured over the properties being financed, and are generally repayable over 20 years or more.

The proportion of the cost of housing properties financed by loans remained at 3% in 2009/10. The balance is funded by grants which are repayable under certain circumstances, of which the most likely would be a decision to sell properties.

Prudent management of the Association's finances over many years has resulted in the debt burden arising from outstanding loans being minimised, while the cash balances and financial

CAPITAL STRUCTURE AND OUR DEBT BURDEN – cont.

reserves of the Association have been increased as shown on the graph below.

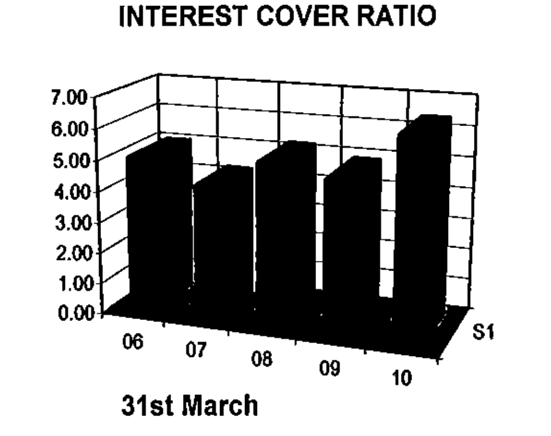


This financial control has been essential in ensuring the long-term viability of the Association and also in protecting our tenants' security.

To minimise our exposure to movements in interest rates the majority of loans are raised at fixed rates of interest.

INTEREST COVER RATIO - INCREASE 31%

The interest cover ratio measures the ability of the Association to service its loans, by comparing interest payable with the operating surplus for the year plus interest receivable. The interest cover ratio increased by 31% to 6.38 times cover in 2009/10, compared with 4.87 times cover in 2008/09, as shown on the graph below. This ratio is a key measure of the Association's short-term and long-term viability and was stronger than the Association's internal target.



FUTURE PROSPECTS

The Association's financial position is sound and a trend of improvement in its financial and operational performance has been maintained over many years.

We will continue to manage our finances in a prudent manner and will also deliver value for money to our tenants and other private owners. This will be achieved by:

- ***setting rents at levels which are affordable to our tenants;***
- ***providing a quality service; and***
- ***tight cost control.***

The Association is following a number of strategies which we expect will continue to improve the returns that we are generating on the assets and capital used by the Association in future years.

The Association continues to invest in new housing through its development programme. However, the eradication of below tolerable standard tenemental housing has proved difficult to progress due to changes in the improvement and repair grant system and the introduction of new housing legislation. Glasgow City Council is currently preparing a strategy for dealing with older private housing in this area. The Association will be a key stakeholder in that process.

Newbuild opportunities remain limited, but apart from the newbuild in Bankhall Street, we are also taking forward proposals for the development of the site at the junction of Cathcart Road and Butterbiggins Road, as well as the site of the former Merrylee Primary School.

The major repairs and planned maintenance programmes remain key elements of the Association's strategy to provide warm, comfortable and safe housing to a high quality, and secure the integrity of its stock for the future.

In the absence of grant funding for major repairs, the Association will require to fund the programme from loan finance and its own resources, which will necessitate further consultation and review of the rental structure and measures of affordability. We also expect the

FUTURE PROSPECTS - cont.

annual surplus generated by the Association to decline significantly in future years, in response to the additional major repairs costs envisaged.

The previous financial year to 31st March 2009 was a tumultuous one for the Association. We experienced a global financial storm, referred to as the 'credit crunch', of such intensity as has not been witnessed since the Great Depression in the 1930s.

We weathered this storm relatively unscathed, but sadly our two largest lenders HBOS and Dunfermline Building Society collapsed financially and were taken over by Lloyds Banking Group and Nationwide Building Society respectively. This disturbed our existing long-term funder relationships and in response we developed a detailed 30-year business plan in 2009/10 to allow the Association to approach a number of lenders to establish their willingness to support the Association's future financing requirements.

After the end of the financial year to 31st March 2010, the Association issued a Funding Prospectus to raise a £15 million loan facility. Following a very competitive bidding process, involving a number of UK banks that expressed a very keen interest in funding the Association's future financing requirements, the Association's Committee of Management selected a preferred lender on 7th July 2010.

We are close to completing the documentation and providing the necessary security to put the new loan facility in place with the selected lender. This process is expected to complete over the next few months.

The £15 million loan facility will fund:

- *the purchase of additional housing stock, which is being transferred by Glasgow Housing Association to us and will provide local community ownership for the tenants involved in the transfer;*
- *an increase in the major repairs programmes which will significantly improve our existing tenants' homes and also our new tenants' homes, following the transfer; and*
- *the new homes we also plan to build*

We believe that the worst point of the current recession has now passed, but that the recovery from this point will be slow and protracted and will certainly run throughout most of 2010/11. It is also our expectation that public expenditure will be tightly squeezed for a number of years. Together, these indicate the need for financial caution in the year ahead.

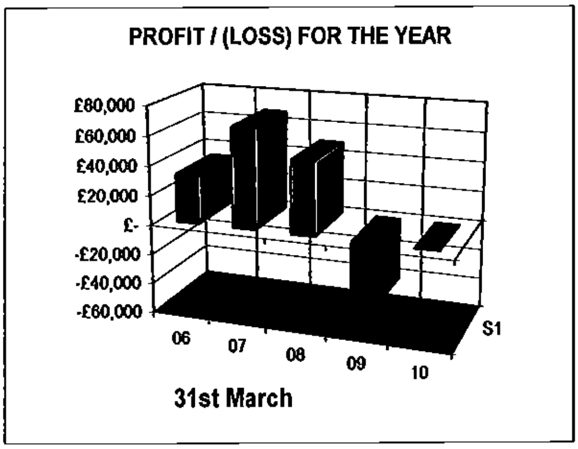
GOVANHILL COMMUNITY DEVELOPMENT TRUST LIMITED

Govanhill Community Development Trust Limited (the Trust) is a 100% owned subsidiary of the Association which is involved in community re-generation within the Govanhill area. The Trust's financial performance is reviewed below.

LOSS FOR THE YEAR

It is disappointing to report to our members that the Trust made another loss of £168 during the year to 31st March 2010, compared with a loss of £41,545 in 2008/09. The loss, however, was lower than the projected budgetary loss for the financial year and reflects the continuing impact of recession on the commercial property market.

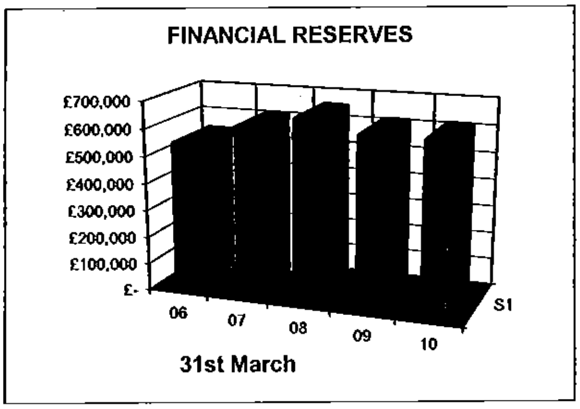
The loss for the year was generated principally from: renting commercial units at the New Bridgegate Church Workspaces, 69 Dixon Road; the Victoria Court Workspaces, 1-9 Hollybrook Place; Samaritan House, 79 Coplaw Street, and Forsyth House, 151 Coplaw Street, Govanhill; rental of intensive supported accommodation for 15 homeless women in partnership with the Glasgow Simon Community; and a range of 'wider action' projects carried out for the benefit of people living in the local Govanhill community.



GOVANHILL COMMUNITY DEVELOPMENT TRUST LIMITED – cont.

FINANCIAL RESERVES

The Trust has increased its financial reserves over the last five years to £615,350 at 31st March 2010, from £507,841 at 31st March 2005, despite making losses during the last two financial years, as shown on the graph below.



THE FOCUS OF THE TRUST'S WORK IN 2009/10

Once again, the Trust was able to make a social and economic investment in the community by providing opportunities for local people to improve their own quality of life.

The Trust's partnership with Langside College continues to provide local learning and educational opportunities within the Community Campus at Samaritan House. The Trust also continued to support Great Gardens, a sister subsidiary of the Association, with the provision of office accommodation at its workspace at Victoria Court in Hollybrook Place.

During the last financial year the Trust once more contributed financially to the staffing costs of the Govanhill Law Centre, assisted the Govanhill Family Support Group, and also acted as the Intermediary Body and Fundholder to the Govanhill & Pollokshields Integration Network.

Towards the end of the year, the Trust provided rent-free office accommodation at Samaritan House for the establishment of a multi-agency 'Hub' so that an improved, coordinated approach to service delivery by statutory and voluntary agencies could be targeted in response to the social issues and concerns raised by local residents.

Last year the Trust was also instrumental in establishing Govanhill Community Action (GoCA), providing a forum for all the community groups to come together, to share experiences, and also to develop a platform for community control and empowerment in the decision-making process.

FUTURE PROSPECTS

The Trust will continue to work in partnership with local residents and organisations to meet the identified needs and priorities in the Govanhill community.

However, in a difficult financial and operational environment, the Trust's ability to re-invest any surplus from its commercial workspaces remains limited for the foreseeable future.

A further loss is projected for the coming financial year to 31st March 2011, reflecting our expectation that the current recession, referred to as the 'credit crunch', will continue to impact on the commercial rental property market throughout 2010/11.

In subsequent years profitability is expected to be restored. The company is also expected to maintain a satisfactory level of financial strength in future years. This financial strength, together with the experience of the Board of Directors, will provide a sound base for the continuing development of the Trust's regeneration activities.

GREAT GARDENS

Great Gardens is a subsidiary of the Association. Great Gardens Limited is a social enterprise and is also a charitable company limited by guarantee.

Great Gardens' main objectives are to provide gardening, horticultural, and environmental improvement services for the benefit of people

GREAT GARDENS – cont.

living in the Govanhill area and also to provide training and employment opportunities in connection with these activities.

Great Gardens' financial performance is reviewed below.

SURPLUS FOR THE YEAR

Great Gardens made a deficit of £4,244 in the year to 31st March 2010, compared with a surplus of £40,656 in the previous financial year.

BALANCE SHEET

Great Gardens' balance sheet at 31st March 2010 was satisfactory. Its financial reserves decreased to £36,412 and were backed by cash and bank balances, net of overdrafts, of £50,983, while its debtors stood at £14,600 and its creditors stood at £30,280 at the financial year end.

THE FOCUS OF GREAT GARDENS' WORK IN 2009/10

Great Gardens was able to successfully promote itself for commissioning on a further phase of the Govanhill Environmental Initiative developed in response to the issues highlighted from the Govanhill Residents' Survey undertaken by the South East Glasgow Community Planning Partnership.

The company also generated additional income from environmental services provided to residents' groups and private customers during 2009/10. However, the mainstay of the company's commercial contract work was for services provided to the Association.

The Company was able to deliver work experience, training and support to a number of young trainees and volunteers over this period and positively engage with residents and community groups. At the same time, the company was able to address environmental issues and also undertake positive visual improvements in the Govanhill community.

In recognition of the company's work, Great Gardens won the Community Champions Team Award for the Pollokshields and Southside Central area of Glasgow and will go forward to the citywide awards later in 2010.

FUTURE PROSPECTS

The intention is to continue to develop the company as a Third Sector, social enterprise organisation. The company will be seeking to restructure its staffing complement with the benefit of £60,000 of Wider Role funding available from the Scottish Government in 2010/11, so that additional trainees and volunteers can be referred to the company for accredited training. This will increase the company's capacity to obtain new business opportunities and also to become more sustainable in the longer-term.

Malcolm MacDonald
Finance Manager
4th August 2010.

GOVANHILL HOUSING ASSOCIATION LIMITED
MANAGEMENT COMMITTEE MEMBERS, EXECUTIVE OFFICERS AND ADVISERS
For the year ended 31 March 2010

Management Committee

Janice McEwan	(Chairperson)
Robert Farrell	(Treasurer)
Lyn Ewing	
Margaret Montgomery	(Vice Chair)
Ann Scott	(Secretary)
Gina Smith	
Carol Sadler	(Resigned 23.09.09)
Elizabeth Klein	
Henry Rooney	
Mujeeb Ur Rehman	
John McLardie	
Ghazala Hakeem	
Linda Higgins	
Thomas Warren	
Esther Sassaman	
Cathie McCready	(Appointed 23.09.09)

Co-opted Committee Members

Karen Miller	(Appointed 23.09.09)
Tabassum Sarfraz	(Appointed 23.09.09)

Executive officers

Anne Lear	(Director)
Malcolm MacDonald	(Finance Manager)
Alan McDonald	(Housing Services Manager)
Kenneth MacDougall	(Development Manager)
Anne Robertson	(Corporate Services and HR Manager)

Registered office
Samaritan House
79 Coplaw Street
Glasgow G42 7JG

Auditors
French Duncan LLP
375 West George Street
GLASGOW G2 4LW

Bankers
Bank of Scotland plc
464 Victoria Road
GLASGOW G42 8PB

Solicitors
TC Young & Son
7 West George Street
GLASGOW G2 1BA

GOVANHILL HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE
For the year ended 31 March 2010

The management committee has pleasure in presenting their report and the audited accounts for the year ended 31 March 2010.

Principal activities
The principal activity of the Association is the provision of good quality, affordable rented accommodation for those in housing need. The Association's wholly owned subsidiary company, Govanhill Community Development Trust Limited, is principally engaged in the provision of housing, commercial accommodation and other amenities and aims to assist in the economic regeneration of the Govanhill area of Glasgow. GREAT Gardens Limited, the Association's second subsidiary, provides accredited training in gardening and grounds maintenance to young people whilst improving the local environment.

Results
The results for the year showed further significant progress by both the Association and its subsidiary companies and are described in the Financial and Operational Review on pages 1 to 8.

The management committee and executive officers
The management committee and executive officers of the Association are listed on page 9.

Each member of the management committee holds one fully paid share of £1 in the Association. The executive officers of the Association hold no interest in the Association's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the management committee.

Review of business and future developments
The Committee are satisfied with the Association's performance during the year. The surplus for the year after taxation was £511,479 (2009 - £615,706). Transfers to designated reserves were £315,170 (2009 – £305,988) respectively. The Association's net assets are now £10,641,287 (2009 - £10,129,775)

Related party transactions
Several members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Auditors
A resolution to re-appoint the auditors, French Duncan LLP, will be proposed at the Annual General Meeting.

Statement of disclosure to auditor
(a) so far as the management committee are aware, there is no relevant audit information of which the Association's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as the management committee in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

The Association considers that it has complied with "Raising Standards" guidance on "Internal financial control and financial reporting" contained within "Raising Standards in Housing", published by the Scottish Federation of Housing Associations and endorsed by Communities Scotland.

Internal financial control

The management committee has overall responsibility for the company and group's system of internal financial control and recognise that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

To discharge this responsibility, the management committee have established an organisation structure with clearly defined levels of responsibility and authority and with appropriate reporting procedures. Included within these key procedures are the following internal financial controls:-

- *the formulation of policies and approval procedures in the areas such as compliance, investment and treasury operations and capital expenditure;*
- *a comprehensive system of budgeting, planning and financial reporting;*
- *formal business risk reviews by management which consider the potential effects of risk and identify potential new risk;*
- *internal audit reviews of the controls and processes from which formal reports are prepared;*
- *an established audit committee which considered significant control issues and receives regular reports from both the internal and external auditors.*

The management committee confirm that a review of the effectiveness of the system of internal financial control was carried out during the year.

Auditors' review

In addition to their audit of the financial statements, our auditors have reviewed the Management Committee's statement concerning the Association's compliance with the disclosures required by the Scottish Federation of Housing Associations "Raising Standards" guidance on "Internal financial control and financial reporting". Their report is set out on page 13.

GOVANHILL HOUSING ASSOCIATION LIMITED
STATEMENT OF THE MANAGEMENT COMMITTEE'S RESPONSIBILITIES
For the year ended 31 March 2010

The management committee is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Statute requires the management committee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the surplus or deficit of the Association for that period. In preparing accounts, the management committee is required to fulfil the following obligations:-

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and estimates that are reasonable and prudent;*
- *state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and*
- *prepare the accounts on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.*

The management committee confirms that the accounts comply with the above requirements.

The management committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the accounts comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE MANAGEMENT COMMITTEE

ANN SCOTT
Secretary

4 August 2010

REPORT OF THE INDEPENDENT AUDITORS TO GOVANHILL HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS
For the year ended 31 March 2010

In addition to the audit of the Financial Statements, we have reviewed whether the statement on page 11 reflects the Association's compliance with the disclosure required by the Scottish Federation of Housing Associations – "Raising Standards" guidance on "Internal financial control and financial reporting".

Basis of Opinion

We carried out our review having regard to Bulletin 1999/5 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 of Internal Financial Controls on page 11 has provided the disclosures required by the Scottish Federation of Housing Associations "Raising Standards" guidance on "Internal financial control and financial reporting", and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

French Duncan LLP

FRENCH DUNCAN LLP
Chartered Accountants
Registered Auditor

375 West George Street
GLASGOW G2 4LW

4 August 2010

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE GOVANHILL HOUSING ASSOCIATION LIMITED
For the year ended 31 March 2010

We have audited the Financial Statements on pages 15 to 41 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 21 and 22.

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's 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 described on page 12, the Association's management committee is responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

It is our responsibility to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's report is not consistent with the Financial Statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law is not disclosed.

We read the Management Committee's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Management Committee in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the Association as at 31 March 2010 and of its income and expenditure and cash flow for the year then ended, and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

French Duncan LLP

FRENCH DUNCAN LLP
Chartered Accountants
Registered Auditor
375 West George Street
GLASGOW G2 4LW
4 August 2010

GOVANHILL HOUSING ASSOCIATION LIMITED
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2010

	Notes	2010 £	2009 £
TURNOVER	2(a)	6,003,988	5,923,732
Less: Operating costs	2(a)	(5,394,649)	(5,287,028)
Cost of property sales		0	0
OPERATING SURPLUS	2(a), 5	609,339	636,704
Gain on disposal of fixed assets		0	0
Other income		0	10,000
Interest receivable and other similar income	7	4,525	122,168
Interest payable and other similar charges	8	(96,132)	(160,643)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		517,732	608,229
Taxation on surplus on ordinary activities	9	(6,253)	7,477
SURPLUS FOR THE YEAR	21	511,479	615,706

The results for the year relate wholly to continuing activities.

There were no recognised gains or losses other than those dealt with in the income and expenditure account.

The notes on pages 21 to 41 form part of these accounts.

GOVANHILL HOUSING ASSOCIATION LIMITED
COMPANY INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2010

	Notes	2010 £	2009 £
TURNOVER	2(b)	5,690,549	5,528,741
Less: Operating costs	2(b)	(5,083,053)	(4,865,034)
Cost of property sales		0	0
OPERATING SURPLUS	2(b), 5	607,496	663,707
Gain on disposal of fixed assets		0	0
Interest receivable and other similar income	7	4,234	112,141
Interest payable and other similar charges	8	(95,839)	(159,252)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		515,891	616,596
Taxation on surplus on ordinary activities	9	0	0
SURPLUS FOR THE YEAR	21	515,891	616,596

The results for the year relate wholly to continuing activities.

There were no recognised gains or losses other than those dealt with in the income and expenditure account.

The notes on pages 21 to 41 form part of these accounts.

GOVANHILL HOUSING ASSOCIATION LIMITED
CONSOLIDATED BALANCE SHEET
For the year ended 31 March 2010

	Notes	2010 £	2009 £
TANGIBLE FIXED ASSETS			
Housing properties - gross cost less depreciation		72,775,984	69,718,987
Less: Social housing grant		62,796,540	60,242,141
Other grants		3,752,996	3,753,936
	11(a)	6,226,448	5,722,910
Other - Gross cost less depreciation		6,349,879	6,384,626
Less: Grants		3,742,661	3,665,221
	11(e)	2,607,218	2,719,405
		8,833,666	8,442,315
CURRENT ASSETS			
Stock	13	1,730	2,570
Debtors	14	1,475,396	468,818
Cash at bank and in hand		4,241,962	5,151,278
		5,719,088	5,622,666
CREDITORS: amounts falling due within one year	15	1,944,283	1,811,683
NET CURRENT ASSETS		3,774,805	3,810,983
TOTAL ASSETS LESS CURRENT LIABILITIES		12,608,471	12,253,298
CREDITORS: amounts falling due after more than one year	16	1,947,078	2,102,904
PROVISIONS FOR LIABILITIES AND CHARGES	17	20,106	20,619
NET ASSETS		10,641,287	10,129,775
CAPITAL AND RESERVES			
Share capital	18	1,175	1,141
Designated reserves	19(a)	5,001,412	4,686,243
Restricted reserves	20	16,900	16,900
Revenue reserve	21	5,621,800	5,425,491
CAPITAL EMPLOYED	22	10,641,287	10,129,775

Approved by members of the management committee on 4 August 2010.

CHAIRPERSON Janice McEwan J. McEWAN

SECRETARY A. SCOTT

TREASURER RFarrell R. FARRELL

The notes on pages 21 to 41 form part of these accounts.

GOVANHILL HOUSING ASSOCIATION LIMITED
COMPANY BALANCE SHEET
For the year ended 31 March 2010

	Notes	2010 £	2009 £
TANGIBLE FIXED ASSETS			
Housing properties - gross cost less depreciation		72,003,224	68,946,038
Less: Social housing grant		62,796,540	60,242,141
Other grants		2,987,957	2,988,897
	11(c)	6,218,727	5,715,000
Other - Gross cost less depreciation		3,157,249	3,171,910
Less: Grants		937,137	859,697
	11(f)	2,220,112	2,312,213
		8,438,839	8,027,213
INVESTMENT	12	100	100
CURRENT ASSETS			
Stock	13	1,634	2,484
Debtors	14	1,473,937	463,629
Cash at bank and in hand		3,931,230	4,813,621
		5,406,801	5,279,734
CREDITORS: amounts falling due within one year	15	1,825,301	1,655,615
NET CURRENT ASSETS		3,581,500	3,624,119
TOTAL ASSETS LESS CURRENT LIABILITIES		12,020,439	11,651,432
CREDITORS: amounts falling due after more than one year	16	1,928,040	2,074,958
NET ASSETS		10,092,399	9,576,474
CAPITAL AND RESERVES			
Share capital	18	1,175	1,141
Designated reserves	19(b)	4,506,137	4,248,330
Restricted reserves	20	16,900	16,900
Revenue reserve	21	5,568,187	5,310,103
CAPITAL EMPLOYED	22	10,092,399	9,576,474

Approved by members of the management committee on 4 August 2010.

CHAIRPERSON	Janice McEwan	J. McEWAN
SECRETARY	[signature]	A. SCOTT
TREASURER	R Farrell	R. FARRELL

The notes on pages 21 to 41 form part of these accounts.

GOVANHILL HOUSING ASSOCIATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2010

	Notes	2010 £	2009 £
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	23	(2,243)	1,298,220
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		4,525	122,168
Interest paid		(96,132)	(160,643)
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(91,607)	(38,475)
TAXATION			
Corporation tax paid		(2,934)	(5,140)
Less: Grants received		0	0
NET CASH (OUTFLOW) ON TAXATION		(2,934)	(5,140)
INVESTING ACTIVITIES			
Acquisition and construction of housing properties		(3,270,615)	(633,235)
Purchase of other fixed assets		(3,989)	(87,251)
Capital grants received		2,630,899	425,728
Sales of housing properties		0	0
Sales of commercial properties		0	0
Sales of other fixed assets		0	0
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(643,705)	(294,758)
NET CASH (OUTFLOW) / INFLOW BEFORE FINANCING		(740,489)	959,847
FINANCING:			
Issue of ordinary share capital		25	19
Loan advances received		0	0
Loan principal repayments		(142,910)	(243,865)
NET CASH (OUTFLOW) FROM FINANCING		(142,885)	(243,846)
(DECREASE) / INCREASE IN CASH	24	(883,374)	716,001

The notes on pages 21 to 41 form part of these accounts.

GOVANHILL HOUSING ASSOCIATION LIMITED
COMPANY CASH FLOW STATEMENT
For the year ended 31 March 2010

	Notes	2010 £	2009 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	23	26,321	1,244,381
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		4,234	112,141
Interest paid		(95,839)	(159,252)
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(91,605)	(47,111)
TAXATION			
Corporation tax paid		0	0
Less: Grants received		0	0
NET CASH (OUTFLOW) ON TAXATION		0	0
INVESTING ACTIVITIES			
Acquisition and construction of housing properties		(3,270,615)	(633,235)
Purchase of other fixed assets		(3,989)	(49,301)
Capital grants received		2,630,899	425,728
Sales of housing properties		0	0
Sales of commercial properties		0	0
Sales of other fixed assets		0	0
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(643,705)	(256,808)
NET CASH (OUTFLOW) / INFLOW BEFORE FINANCING		(708,989)	940,462
FINANCING:			
Issue of ordinary share capital		25	19
Loan advances received		0	0
Loan principal repayments		(139,616)	(101,691)
NET CASH (OUTFLOW) FROM FINANCING		(139,591)	(101,672)
(DECREASE) / INCREASE IN CASH	24	(848,580)	838,790

The notes on pages 21 to 41 form part of these accounts.

1. ACCOUNTING POLICIES

The Association is registered under the Industrial and Provident Societies Act 1965 with the Financial Services Authority. The accounts have been prepared in accordance with applicable Accounting Standards and Statements of Recommended Practice and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. The principal accounting policies are set out below.

Basis of accounting
The accounts are prepared on the historical cost basis of accounting.

Basis of consolidation
The accounts consolidate the accounts of Govanhill Housing Association Limited and its subsidiary companies Govanhill Community Development Trust Limited and GREAT Gardens Limited. All accounts are made up to 31 March.

Turnover
Turnover represents rental and service charge income receivable, fees receivable, income from the sale of properties, fees and revenue based grants receivable from the Scottish Government, local authorities and other agencies.

Taxation
Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's surpluses and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Mortgages
Mortgage loans are advances by local authorities, the Scottish Government or private lending institutions under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Social Housing Grant by the Scottish Government..

Social Housing Grant (SHG)
Where Social Housing Grant or other capital grant has been received towards the cost of developments, the cost of these developments has been reduced by the amounts of the grant receivable. This amount is shown separately on the balance sheet. Where SHG has been received in respect of revenue expenditure, it is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates. SHG is repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale.

Other grants
Grants have been received from various bodies to fund the development of properties and are repayable under certain circumstances.

Tangible fixed assets - housing properties
Housing properties are stated at cost less Social Housing Grant and other grant and less accumulated depreciation The development cost of housing properties include the cost of acquiring land and buildings and development expenditure including administration costs. These costs are either termed "qualifying costs" by the Scottish Government for approved social housing grant schemes or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves. Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

1. ACCOUNTING POLICIES *(continued)*

Depreciation - housing properties
Depreciation is charged on a straight line basis over the expected useful economic lives of the properties at the annual rate of 2%.

In addition depreciation is provided on housing properties to the extent that development administration costs capitalised are not funded through Social Housing Grant as, in the opinion of the management committee, the value of properties does not reflect the excess administration costs incurred.

Tangible fixed assets - other properties
Other properties are stated at cost less Social Housing Grant and other grants.

Depreciation - other properties
Depreciation is charged on a straight line basis over the expected useful economic lives of the properties at the annual rate of 2%
Development Administration
Development administration costs relating to development activities are capitalised based on the time spent by staff on this activity.

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

Tangible fixed assets - other fixed assets
Computer and office and hostel equipment are depreciated at rates estimated to write off the cost less residual value over their estimated useful lives as follows:

Computer equipment	-	*33 1/3% straight line*
Office equipment	-	*20% - 33 1/3% straight line*
Hostel equipment	-	*20% straight line*

Designated reserves
Major repairs reserves
The Association maintains its housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure and the actual costs of repairs is charged to this reserve.

Cyclical repairs and maintenance reserve
This reserve is based on the Association's liability to maintain housing properties in accordance with a planned programme of works. The reserve represents amounts set aside in respect of future costs and will be released to revenue as required.

Reserve for future replacement of hostels assets
Amounts included in the rental of hostel properties is being set aside to provide for the replacement of hostel assets originally funded by grants from various bodies which will require to be replaced as the useful lives of the assets expire.

Restricted Reserves
Other
This reserve was created from charitable donations to finance hostel assets and will be used for the replacement of these assets, at the discretion of the management committee, as the need arises.

Pensions
The Association provides a pension scheme, through The Pensions Trust - SFHA Pension Scheme, for the benefit of its employees. The funds of the scheme are administered by independent trustees and are separate from the Association. Independent actuaries complete valuations at least every three years and, in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules. The costs of these are charged against surpluses on a systematic basis over the service lives of the employees. (Note 26).

2(a). PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR (DEFICIT)

GROUP	2010 Turnover £	Operating costs £	Operating surplus / (deficit) £	2009 Operating surplus/ (deficit) for previous period £
Social lettings	5,272,680	(4,635,118)	637,562	604,875
Other activities	655,975	(672,379)	(16,404)	(2,057)
Incoming resources from charitable subsidiary	75,333	(87,152)	(11,819)	33,886
Total	6,003,988	(5,394,649)	609,339	636,704
Total for previous period of account	5,923,732	(5,287,028)	636,704	

2(b). PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR (DEFICIT)

COMPANY	Note	2010 Turnover £	Operating costs £	Operating surplus / (deficit) £	2009 Operating surplus/ (deficit) for previous period £
Social lettings	3	5,224,089	(4,658,324)	565,765	558,242
Other activities	4	466,460	(424,729)	41,731	105,465
Total		5,690,549	(5,083,053)	607,496	663,707
Total for previous period of account		5,528,741	(4,865,034)	663,707	

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR (DEFICIT) FROM SOCIAL LETTING ACTIVITIES

Company

	General Needs Housing	Supported Housing Accomodation	Shared Ownership Housing	Other Shared Equity Housing	2010 Total	2009 Total
	£	£	£	£	£	£
Rent receivable net of service charges	4,939,036	150,308	0	6,442	5,095,786	4,870,684
Service charges	127,929	0	0	2,183	130,112	122,779
Gross income from rents and service charges	5,066,965	150,308	0	8,625	5,225,898	4,993,463
Less voids	(46,805)	0	0	0	(46,805)	(43,808)
Net income from rents and service charges	5,020,160	150,308	0	8,625	5,179,093	4,949,655
Grant from the Scottish Ministers	0	0	0	0	0	0
Other revenue grants	44,996	0	0	0	44,996	52,295
Total turnover from social letting activities	5,065,156	150,308	0	8,625	5,224,089	5,001,950
Management and maintenance administration costs	(1,695,504)	(20,213)	0	(3,325)	(1,719,042)	(1,656,897)
Service costs	(126,872)	0	0	(1,546)	(128,418)	(121,964)
Planned and cyclical maintenace including major repairs costs	(1,626,966)	(44,733)	0	0	(1,671,699)	(1,538,026)
Reactive maintenance costs	(660,434)	(35,426)	0	(2,503)	(698,363)	(639,907)
Bad debts - rents and service charges	(25,536)	0	0	0	(25,536)	(57,308)
Depreciation of social housing	(414,526)	(740)	0	0	(415,266)	(429,606)
Impairment of social housing	0	0	0	0	0	0
Operating costs for social letting activities	(4,549,838)	(101,112)	0	(7,374)	(4,658,324)	(4,443,708)
Operating surplus or deficit for social lettings	515,318	49,196	0	1,251	565,765	558,242
Operating surplus or deficit for social letting for previous year	500,613	54,140	0	3,489	558,242	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £30,175 (2009 - £26,982)

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

Company

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total Turnover £	Operating Costs - Bad debts recovery £	Other operating costs £	Operating surplus or (deficit) £	Operating surplus or (deficit) for previous period of account £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	14,912	0	0	0	14,912	0	(15,041)	(129)	22,373
Care and repair of property	0	0	0	0	0	0	0	0	0
Factoring	0	0	0	271,502	271,502	(8,975)	(248,844)	13,683	(492)
Development and construction of property activities	0	0	0	0	0	0	0	0	0
Support Activities	0	0	0	0	0	0	0	0	0
Care Activities	0	0	0	0	0	0	0	0	0
Agency/Management services for registered social landlords	0	98,792	0	0	98,792	0	(68,878)	29,914	69,419
Other agency/management services	0	0	0	0	0	0	0	0	0
Devepments for sale to registered social landlords	0	0	0	0	0	0	0	0	0
Developments and improvements for sale to non registered social landlords	0	0	0	0	0	0	0	0	0
Other activities									
- Management expenses charged to subsidiary companies	0	0	0	63,205	63,205	0	(63,205)	0	(0)
- Rental of commercial property	0	0	0	6,609	6,609	0	(19,786)	(13,177)	3,939
- Hire of conference hall	0	0	0	11,440	11,440	0	0	11,440	10,226
TOTAL FROM OTHER ACTIVITIES	14,912	98,792	0	352,756	466,460	(8,975)	(415,754)	41,731	105,465
TOTAL FROM OTHER ACTIVITIES (2009)	29,617	173,160	0	324,014	526,791	10,641	(431,967)	105,465	

5. OPERATING SURPLUS

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Operating surplus is stated after charging:				
Depreciation	252,354	261,964	232,079	233,607
Repairs: cyclical, major, day to day	2,424,269	2,272,025	2,370,062	2,177,933
Auditor's remuneration				
- In their capacity as auditors	13,692	12,310	9,277	8,992
- In respect of other services	2,981	404	0	0

6 (a). EMPLOYEES

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Staff costs during the year:				
Wages and salaries	1,386,710	1,393,823	1,246,347	1,246,120
Social security costs (national insurance contributions)	105,895	112,451	99,351	101,881
Other pension costs	164,420	159,246	154,692	150,348
Redundancy costs	0	0	0	0
	1,657,025	1,665,520	1,500,390	1,498,349

	Group Number	Group Number	Company Number	Company Number
The average number of employees during the year was	44	48	39	42

6 (b). DIRECTORS' EMOLUMENTS

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Total emoluments (including pension contributions and benefits in kind)	321,164	254,100	321,164	254,100
The emoluments (excluding pension contributions) of the highest paid director amount to	65,476	64,083	65,476	64,083
Pension contributions	10,041	9,869	10,041	9,869
Total expenses reimbursed in so far as not chargeable to United Kingdom income tax				
Management Committee	2,447	2,961	2,447	2,961

	Number	Number	Number	Number
£60,001 - £70,000	4	3	4	3
£70,001 - £80,000	1	1	1	1

The Association is managed by a voluntary committee who act as directors of the Association. The subsidiary companies, Govanhill Community Development Trust Limited and GREAT Gardens Limited, are also managed by voluntary boards of dirctors. No emoluments were paid to any member of the management committee or board of directors during the year In addition the Director and any other person who reports directly to the Director or the Management Committee whose total emoluments exceed £60,000 per year is also similarly classed.

7. INTEREST RECEIVABLE AND OTHER SIMILAR INCOME

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Interest receivable	4,525	122,168	4,234	112,141

8. INTEREST PAYABLE AND OTHER SIMILAR CHARGES

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loans and overdrafts repayable within five years	218	766	169	564
Other loans repayable within five years	0	0	0	0
Other loans repayable wholly or partly in more than five years	95,914	159,877	95,670	158,688
	96,132	160,643	95,839	159,252

9. TAXATION

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
UK corporation tax: Current Year at 21% (2009 - 21%)	3,832	(9,634)	0	0
Adjustment for prior years	2,934	2,157	0	0
Deferred taxation (note 17)	(513)	0	0	0
	6,253	(7,477)	0	0

The Association's charitable status exempts it from taxation. Its subsidiary company, Govanhill Community Development Trust Limited, is subject to taxation.

10. HOUSING STOCK

	Group 2010 Number	Group 2009 Number	Company 2010 Number	Company 2009 Number
The number of units of accomodation in management at the year end was:				
General needs - new build	146	146	146	146
- rehabilitation	1,449	1,448	1,449	1,448
Supported housing	66	66	51	51
Shared ownership	6	6	6	6
	1,667	1,666	1,652	1,651

11(a). TANGIBLE FIXED ASSETS

Housing Properties

GROUP	Housing properties held for letting £	Housing properties in the course of construction £	Shared equity properties held for letting £	2010 Total £
COST				
At start of year	68,427,522	2,690,779	278,476	71,396,777
Additions	93,439	3,177,176	0	3,270,615
Disposals	0	0	0	0
Transfers	(81,990)	0	0	(81,990)
Schemes completed in the year	489,649	(489,649)	0	0
At end of year	68,928,620	5,378,306	278,476	74,585,402
DEPRECIATION				
At start of year	1,609,564	0	68,226	1,677,790
Charged during year	121,361	0	10,267	131,628
Eliminated on disposal	0	0	0	0
At end of year	1,730,925	0	78,493	1,809,418
SOCIAL HOUSING GRANT				
At start of year	57,705,383	2,406,609	130,149	60,242,141
Additions	0	2,554,399	0	2,554,399
Disposals	0	0	0	0
Transfers	347,974	(347,974)	0	0
Schemes completed in the year	0	0	0	0
At end of year	58,053,357	4,613,034	130,149	62,796,540
OTHER GRANTS				
At start of year	3,753,936	0	0	3,753,936
Additions	66,500	10,000	0	76,500
Transfers	(77,440)	0	0	(77,440)
Schemes completed in the year	0	0	0	0
At end of year	3,742,996	10,000	0	3,752,996
NET BOOK VALUE				
At end of year	5,401,342	755,272	69,834	6,226,448
At start of year	5,358,639	284,170	80,101	5,722,910

Development administration costs capitalised amounted to £283,087 (2009 - £300,282) for which Social Housing Grants amounting to £44,460 (2009 - £63,659) were received in the year.

The Association would not be able to sell the properties at these values without also repaying Social Housing Grant from the proceeds of sale, but Social Housing Grant would be subordinated behind any private loans charges on these properties. Other grants received are repayable under certain circumstances.

11(b).

	2010 £	2009 £
Housing properties comprise:		
Heritable	6,226,448	5,722,910

11(c). TANGIBLE FIXED ASSETS

Housing Properties

COMPANY	Housing properties held for letting £	Housing properties in the course of construction £	Shared equity properties held for letting £	2010 Total £
COST				
At start of year	67,653,067	2,690,779	278,476	70,622,322
Additions	93,439	3,177,176	0	3,270,615
Disposals	0	0	0	0
Transfers	(81,990)	0	0	(81,990)
Schemes completed in the year	489,649	(489,649)	0	0
At end of year	68,154,165	5,378,306	278,476	73,810,947
DEPRECIATION				
At start of year	1,608,058	0	68,226	1,676,284
Charged during year	121,172	0	10,267	131,439
Eliminated on disposal	0	0	0	0
At end of year	1,729,230	0	78,493	1,807,723
SOCIAL HOUSING GRANT				
At start of year	57,705,383	2,406,609	130,149	60,242,141
Additions	0	2,554,399	0	2,554,399
Disposals	0	0	0	0
Transfers	347,974	(347,974)	0	0
Schemes completed in the year	0	0	0	0
At end of year	58,053,357	4,613,034	130,149	62,796,540
OTHER GRANTS				
At start of year	2,988,897	0	0	2,988,897
Additions	66,500	10,000	0	76,500
Transfers	(77,440)			(77,440)
Schemes completed in the year	0	0	0	0
At end of year	2,977,957	10,000	0	2,987,957
NET BOOK VALUE				
At end of year	5,393,621	755,272	69,834	6,218,727
At start of year	5,350,729	284,170	80,101	5,715,000

Development administration costs capitalised amounted to £283,087 (2009 - £300,282) for which Social Housing Grants amounting to £44,460 (2009 - £63,659) were received in the year.

The Association would not be able to sell the properties at these values without also repaying Social Housing Grant from the proceeds of sale, but Social Housing Grant would be subordinated behind any private loans charges on these properties. Other grants received are repayable under certain circumstances.

11(d).	2010 £	2009 £
Housing properties comprise:		
Heritable	6,218,727	5,715,000

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11(e). TANGIBLE FIXED ASSETS

Other Fixed Assets GROUP	Heritable office property	Computer and office equipment	Hostels equipment	Commercial premises	2010 Total
	£	£	£	£	£
COST					
At start of year	3,521,150	269,216	61,603	2,916,418	6,768,387
Transfers	0	0	0	81,990	81,990
Additions	0	3,989	0	0	3,989
Disposals	0	0	0	0	0
At end of year	3,521,150	273,205	61,603	2,998,408	6,854,366
GRANTS					
At start of year	859,697	0	38,334	2,767,190	3,665,221
Disposals	0	0	0	0	0
Transfers	0	0	0	77,440	77,440
Additions	0	0	0	0	0
At end of year	859,697	0	38,334	2,844,630	3,742,661
DEPRECIATION					
At start of year	177,765	143,446	20,110	42,440	383,761
Charged during year	47,160	60,671	2,419	10,476	120,726
Eliminated on disposal	0	0	0	0	0
At end of year	224,925	204,117	22,529	52,916	504,487
NET BOOK VALUE					
At end of year	2,436,528	69,088	740	100,862	2,607,218
At start of year	2,483,688	125,770	3,159	106,788	2,719,405

11(f). COMPANY

	Heritable office property	Computer and office equipment	Hostels equipment	Commercial premises	2010 Total
COST					
At start of year	3,217,739	209,597	21,591	0	3,448,927
Transfers	0	0	0	81,990	81,990
Additions	0	3,989	0	0	3,989
Disposals	0	0	0	0	0
At end of year	3,217,739	213,586	21,591	81,990	3,534,906
GRANTS					
At start of year	859,697	0	0	0	859,697
Disposals	0	0	0	0	0
Transfers	0	0	0	77,440	77,440
Additions	0	0	0	0	0
At end of year	859,697	0	0	77,440	937,137
DEPRECIATION					
At start of year	141,483	115,424	20,110	0	277,017
Charged during year	47,160	52,648	741	91	100,640
Disposals	0	0	0	0	0
At end of year	188,643	168,072	20,851	91	377,657
NET BOOK VALUE					
At end of year	2,169,399	45,514	740	4,459	2,220,112
At start of year	2,216,559	94,173	1,481	0	2,312,213

Grants received to fund the acquisition and development of commercial premises are repayable in certain circumstances. Where this arises from the sale of properties repayment of the grant would be subordinated behind any private loan charges on these properties.

11(g).	Group 2010	2009	Company 2010	2009
	£	£	£	£
Commercial premises comprise:				
Heritable	100,862	106,788	4,459	0

GOVANHILL HOUSING ASSOCIATION LIMITED
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12. INVESTMENT	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
At start of year	0	0	100	100
New investment	0	0	0	0
At end of year	0	0	100	100

This represents: a 100% shareholding Govanhill Housing Association Limited has in its subsidiary company, Govanhill Community Development Trust Limited, a company registered in Scotland; and GREAT Gardens Limited a private company limited by guarantee, registered in Scotland and controlled by the Mamagement Committee of Govanhill Housing Association.

13. STOCK	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Postage, stationery and maintenance stock	1,730	2,570	1,634	2,484

14. DEBTORS	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts falling due within one year:				
Rental debtors - housing benefit	177,833	179,220	177,833	179,220
- other	141,255	138,716	141,255	138,716
Less: provision for bad debts	(177,965)	(202,971)	(177,965)	(202,971)
Amounts due by subsidiary companies	0	0	26,596	33,501
Capital grants receivable	1,114,877	136,921	1,114,877	136,921
Corporation tax	0	9,634	0	0
Other debtors	92,358	64,948	78,828	49,343
Prepayments and accrued income	127,038	142,350	112,513	128,899
	1,475,396	468,818	1,473,937	463,629

Technical Arrears at 31 March 2010 were £65,985 (2009 - £53,802).

15. CREDITORS DUE WITHIN ONE YEAR

	Group 2010 £	2009 £	Company 2010 £	2009 £
Housing loans (Note 16a)	121,306	114,004	121,306	114,004
Non-housing loans (Note 16a)	1,697	2,429	0	0
Amounts due to subsidiary company	0	0	0	0
Bank overdraft	302,153	328,104	281,546	315,366
Trade creditors	539,731	749,104	530,436	681,548
Corporation tax	3,832	0	0	0
Other taxation and social security costs	41,242	42,577	38,283	38,808
Social Housing Grant in advance	39,381	65,018	39,381	65,018
Other creditors	336,967	81,926	309,708	54,647
Accruals and deferred income	238,912	120,231	229,454	113,261
Rent deposits	10,426	10,761	0	0
Rent in advance	297,362	288,568	263,913	264,002
Factoring in advance	11,274	8,961	11,274	8,961
	1,944,283	1,811,683	1,825,301	1,655,615

Included within trade creditors is an amount due of nil (2009 - nil) in respect of pension contributions. Also included within trade creditors is an amount due to The Scottish Government of £61,472 (2009 - £65,590)

16. CREDITORS DUE OUTWITH ONE YEAR

	Group 2010 £	2009 £	Company 2010 £	2009 £
Housing loans	1,928,040	2,074,958	1,928,040	2,074,958
Non-housing loans	0	2,562	0	0
Deferred Income	19,038	25,384	0	0
	1,947,078	2,102,904	1,928,040	2,074,958

Included within housing loans is £125,750 of monies held on behalf of sharing owners who participated in the shared equity property.

16(a). Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest on instalments due as follows:

	Group 2010 £	2009 £	Company 2010 £	2009 £
In one year or less (Note 15)	123,003	116,433	121,306	114,004
Between one and two years	127,051	121,991	127,051	119,428
Between two and five years	401,351	387,317	401,351	387,317
In five years or more	1,399,637	1,568,213	1,399,637	1,568,213
	2,051,042	2,193,954	2,049,345	2,188,962

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Group 2010 £	2009 £	Company 2010 £	2009 £
Deferred taxation	20,106	20,619	0	0
	20,106	20,619	0	0

18. SHARE CAPITAL

	2010	2009
	£	£
Shares of £1 each fully paid and issued:		
At start of year	401	410
Shares issued during year	34	19
Shares forfeited during year	(13)	(28)
At end of year	422	401
Forfeited shares:		
At start of year	740	712
Transferred from share capital during year	13	28
At end of year	753	740
Total share capital:		
At start of year	1,141	1,122
At end of year	1,175	1,141

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at members' meetings.

19(a). DESIGNATED RESERVES

GROUP	Reserve for future major works to properties	Reserve for future cyclical maintenance properties	Reserve for future replacement of assets	2010 Total
	£	£	£	£
At start of year	3,825,925	416,027	444,291	4,686,243
Transfer from income and expenditure account	689,508	(416,027)	41,688	315,169
Transfer to restricted reserves	0	0	0	0
At end of year	4,515,433	0	485,979	5,001,412

19(b). DESIGNATED RESERVES

COMPANY	Reserve for future major works to properties	Reserve for future cyclical maintenance properties	Reserve for future replacement of assets	2010 Total
	£	£	£	£
At start of year	3,437,137	416,027	395,166	4,248,330
Transfer from income and expenditure account	638,460	(416,027)	35,374	257,807
Transfer to revenue reserves	0	0	0	0
At end of year	4,075,597	0	430,540	4,506,137

20. RESTRICTED RESERVES

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
OTHER				
Charitable reserve at start of year	16,900	16,900	16,900	16,900
Transferred in year	0	0	0	0
Donations received	0	0	0	0
Charitable reserve at end of year	16,900	16,900	16,900	16,900

21. REVENUE RESERVE

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
At start of year	5,425,491	5,115,773	5,310,103	4,943,805
Retained surplus for the year	511,479	615,706	515,891	616,596
Transfer to designated reserves	(315,170)	(305,988)	(257,807)	(250,298)
Transfer from designated reserves	0	0	0	0
At end of year	5,621,800	5,425,491	5,568,187	5,310,103

22. STATEMENT OF RECONCILIATION OF MOVEMENTS IN CAPITAL EMPLOYED

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Opening capital employed	10,129,775	9,514,050	9,576,475	8,959,860
Shares issued during year	34	19	34	19
Retained surplus for the year	511,479	615,706	515,891	616,596
Closing capital employed	10,641,288	10,129,775	10,092,400	9,576,475

23. RECONCILIATION OF OPERATING SURPLUS TO NET CASH (DECREASE) / INFLOW FROM OPERATING ACTIVITIES

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Operating surplus	609,339	646,704	607,496	663,707
Depreciation charges	252,355	261,964	232,079	233,607
Amortisation of income	0	0	0	0
Decrease in stock	838	793	850	792
(Increase) / decrease in debtors	(1,006,578)	288,796	(1,010,308)	282,273
Increase in creditors	141,803	99,963	196,204	64,002
Net cash (outflow) / inflow from operating activities	(2,243)	1,298,220	26,321	1,244,381

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
(Decrease) / increase in cash during the year	(883,374)	716,001	(848,580)	838,790
Loan advances received	0	0	0	0
Loan principal repayments	142,910	243,865	139,616	101,691
Change in net funds	(740,464)	959,866	(708,964)	940,481
Net funds at start of year	2,629,221	1,669,357	2,309,293	1,368,813
Net funds at end of year	1,888,757	2,629,223	1,600,329	2,309,294

25(a). ANALYSIS OF CHANGES IN NET FUNDS

GROUP	2009 £	Cash flows £	Other changes £	2010 £
Cash at bank and in hand	5,151,278	(909,316)	0	4,241,962
Bank overdrafts	(328,104)	25,951	0	(302,153)
	4,823,174	(883,365)	0	3,939,809
Debt due within one year	(116,433)	116,433	(123,003)	(123,003)
Debt due after one year	(2,077,520)	26,478	123,003	(1,928,039)
	2,629,221	(740,454)	0	1,888,767

25(b). ANALYSIS OF CHANGES IN NET FUNDS

COMPANY	2009 £	Cash flows £	Other changes £	2010 £
Cash at bank and in hand	4,813,621	(882,391)	0	3,931,230
Bank overdrafts	(315,366)	33,820	0	(281,546)
	4,498,255	(848,571)	0	3,649,684
Debt due within one year	(114,004)	114,004	(121,306)	(121,306)
Debt due after one year	(2,074,958)	25,613	121,306	(1,928,039)
	2,309,293	(708,954)	0	1,600,339

GOVANHILL HOUSING ASSOCIATION LIMITED
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26. PENSION COSTS

Govanhill Housing Association ("the Company") participates in the SFHA Pension 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 an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £54 million (equivalent to a past service funding level of 83%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 64%..

The current triennial formal valuation of the Scheme as at 30 September 2009 is being undertaken by a professionally qualified actuary. The results of the valuation will be available in Autumn 2010.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Company has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Govanhill Housing Association was £6,303,428.

The Scheme offers three benefit structures to employers, namely:-

1. *Final Salary with a 1/60 accrual rate*
2. *Career average re-valued earnings with a 1/60 accrual rate*
3. *Career average re-valued earnings with a 1/70 accrual rate*

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

GOVANHILL HOUSING ASSOCIATION LIMITED
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26. PENSION COSTS (continued)

The Company has elected to operate the final salary with a 1/60 accrual rate benefit structure for active members as at 1 April 2009 and the final salary with a 1/60 accrual rate benefit structure for new entrants from 1 April 2009.

During the accounting period the Company paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 33 active members of the Scheme employed by the Company. The Company continues to offer membership of the Scheme to its employees.

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

	% pa
- Investment return pre retirement	7.2
- Investment return post retirement	4.9
- Rate of salary increases	4.6
- Rate of pension increases	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners.

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

Benefit Structure	Long-term joint contribution rate (% of pensionable salaries per annum)
Final salary 1/60	17.8
Career average 1/60	14.6
Career average 1/70	12.6
Additional rate for deficit contributions	5.3

26. PENSION COSTS (continued)

The Company participates in the Pensions Trust's Growth Plan ("the Growth Plan"). The Growth Plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Growth Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Growth Plan assessed on a prudent basis. Bonuses / investment credits are not guaranteed and are declared at the discretion of the Growth Plan's Trustee.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Growth Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

The Company paid contributions at the rate of 0% during the accounting period. Members paid contributions at the rate of 11% during the accounting period.

As at the balance sheet date there was 1 active member of the Growth Plan employed by the Company. The Company continues to offer membership of the Growth Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Growth Plan is a multi-employer scheme where the plan assets are co-mingled for investment purposes and benefits are paid from the total Growth Plan assets. Accordingly, due to the nature of the Growth Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 have now been completed and have been formalised. The valuation of the Growth Plan was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Growth Plan's assets at the valuation date was £742 million and the Growth Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

GOVANHILL HOUSING ASSOCIATION LIMITED
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26. PENSION COSTS (continued)

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

		% pa
-	Investment return pre retirement	7.6
-	Investment return post retirement	
	Actives/Deferreds	5.1
	Pensioners	5.6
-	Bonuses on accrued benefits	0.0
-	Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The scheme actuary has prepared a funding position update as at 30 September 2009. The market value of the Growth Plan's assets at that date was £765 million and the Plan's Technical Provisions (i.e. past service liabilities) were £820 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £55 million, equivalent to a funding level of 93%.

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

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Growth Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post retirement (pensioners).

A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to the Pensions Regulator on 18 December 2009.

The next full actuarial valuation will be carried out as at 30 September 2011.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Growth Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Growth Plan. The debt is due in the event of the employer ceasing to participate in the Growth Plan or the Growth Plan winding up.

GOVANHILL HOUSING ASSOCIATION LIMITED
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31 March 2010

26. PENSION COSTS (continued)

The debt for the Growth Plan as a whole is calculated by comparing the liabilities for the Growth Plan (calculated on a buy-out basis i. e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Growth Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Growth Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Growth Plans' pre-October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Growth Plan liabilities, Growth Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Company has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan based on the financial position of the Growth Plan as at 30th September 2009. As of this date the estimated employer debt for Govanhill Housing Association was £27,841.

27. CAPITAL COMMITMENTS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Expenditure contracted less certified	480,000	3,416,000	480,000	3,416,000
Funded by:				
Social Housing Grant	250,000	2,404,000	250,000	2,404,000
Glasgow City Council Private Sector Housing Grant	0	15,000	0	15,000
Reserves	230,000	997,000	230,000	997,000
	480,000	3,416,000	480,000	3,416,000
Expenditure authorised by the management committee not contracted for	5,901,000	935,000	5,901,000	935,000
Funded by:				
Social Housing Grant	1,576,000	50,000	1,576,000	50,000
Reserves	4,325,000	885,000	4,325,000	885,000
	5,901,000	935,000	5,901,000	935,000

28. ASSURED TENANCY RENTS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Average assured tenancy rent for housing accomodation per month.	276	264	276	264
Percentage increase from previous year	4.5%	1.1%	4.5%	1.1%

29. RELATED PARTIES

Several members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.