

***GOVANHILL HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND ACCOUNTS
YEAR TO 31 MARCH 2015***

Financial Conduct 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 2015

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GOVANHILL HOUSING ASSOCIATION LIMITED
FINANCIAL AND OPERATIONAL REVIEW
For the year ended 31 March 2015

PAGE 1

KEY FINANCIAL HIGHLIGHTS

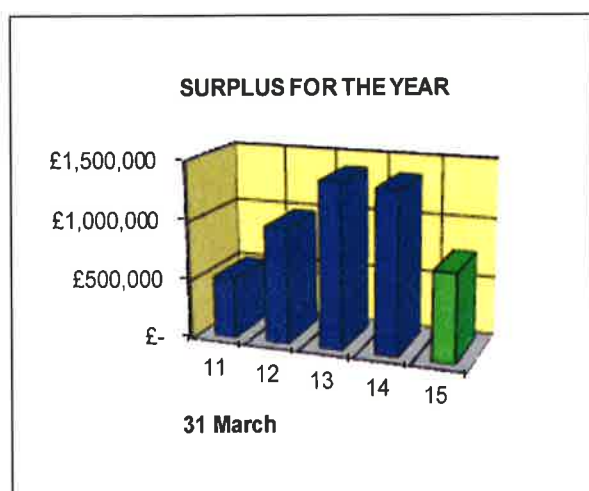
	<u>2014/15</u>	<u>2013/14</u>	<u>Change</u>
• Surplus for the year	£740,973	£1,356,243	-45%
• Net investment in improving existing tenants homes and also providing new housing	£5,128,411	£5,189,547	-1%
• Financial reserves	£17,045,907	£16,551,934	+3%
• Current ratio	1.24 times	1.67 times	-26%
• Interest cover ratio	3.17 times	5.57 times	-43%

GOVANHILL HOUSING ASSOCIATION

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.

SURPLUS FOR THE YEAR - DECREASE 45%

It gives us pleasure to report to our members that the Association made satisfactory operational and financial progress during the year to 31 March 2015. The surplus generated in the year to 31 March 2015 was £740,973.



This was a decrease of 45% on the surplus of £1,356,243 generated in the previous financial year.

The Association's turnover was £10,481,988 during 2014/15, an increase of 11%, compared with the turnover of £9,485,194 in 2013/14.

Operating costs increased by 19%, from £8,013,054 in 2013/14 to £9,541,547 in 2014/15.

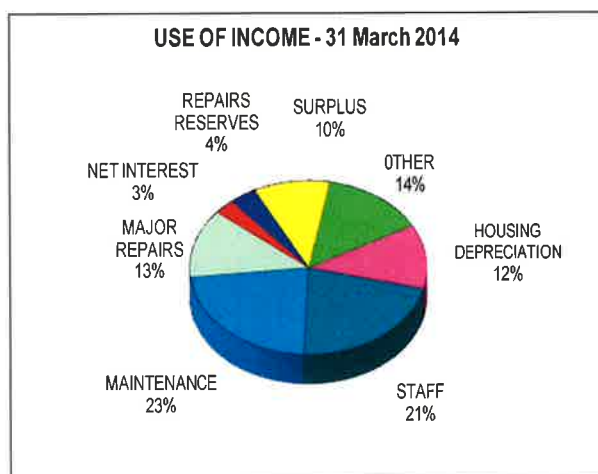
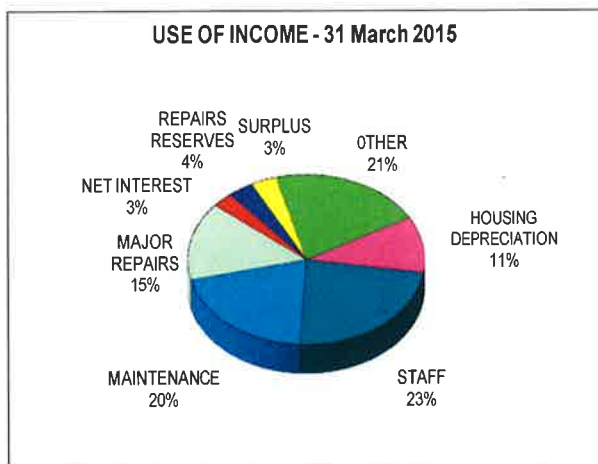
A large proportion in the increase in turnover and operating costs during the year related to work carried out on behalf of and invoiced to owners by the Association's factoring services department and also from grants received for carrying out other environmental works in Govanhill. Similarly, a large proportion of the increase in operating costs related to the matching costs incurred in providing these factoring services to owners and disbursements of the grants received.

To ensure that adequate funds are available to meet our commitment to carry out future major repairs, the Association has set aside £371,283 from its surplus for 2014/15 of £740,973 and has transferred this amount to financial reserves held to fund future major repairs.

After making all transfers to other financial reserves from its surplus for 2014/15 of £740,973, the remaining balance of £122,690 increased the Association's revenue reserves to £10,846,699 at 31 March 2015. 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 2014/15 and 2013/14 is shown on the graphs below.



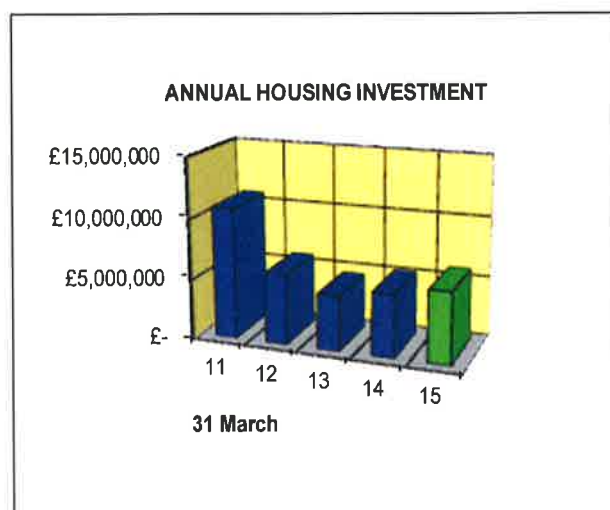
The net effect of these changes was an overall increase in the proportion of the Association's income allocated to operating costs which resulted in the surplus for the year decreasing as a proportion of income from 10% to 3%. The largest change was in respect of the other category of operating costs related to the costs incurred in providing these factoring services to owners and disbursements of the grants received, which were matched a similar increase in factoring services and grants income, as reported earlier.

The Association is committed to a significant programme of major repairs to improve its older stock. We have budgeted for a significant level of ongoing major repairs expenditure in our medium-term and long-term financial projections.

This will reduce surpluses built up for this purpose in future years. However, this investment will: secure the integrity of our stock; improve the amenity of our homes for our tenants; and ensure compliance with the requirements of the Scottish Housing Quality Standard.

*BALANCE SHEET - ASSETS AND LIABILITIES**INVESTMENT IN HOUSING - DECREASE 1%*

The Association was able to invest £5,128,411 in housing in the year to 31 March 2015, comprising of development of additional homes and capitalised major repairs expenditure on our existing stock. This was a decrease of 1% on the investment of £5,189,457 made in 2013/14. This reflected housing continuing to receive a low priority in terms of public sector spending and also operating in an ongoing harsh financial climate post the 'credit crunch'.



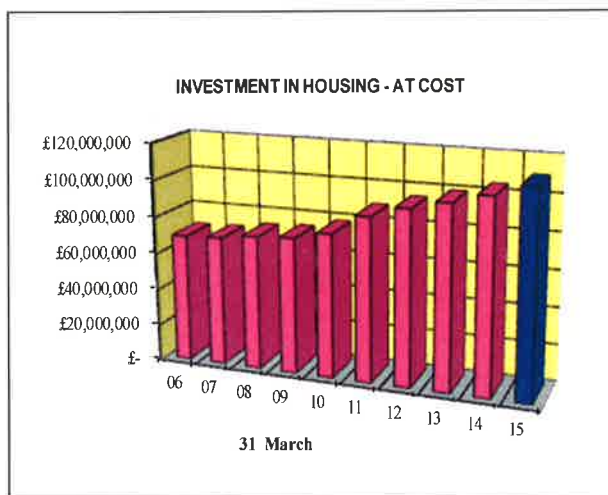
A strong commitment to investment in housing by the Scottish Government and Glasgow City Council is required to eradicate the large number of properties which are still in a state of disrepair within the Govanhill area.

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 the final phase of the Employability Initiative and

INVESTMENT IN HOUSING - cont.

other environmental works as well as the conversion of Belleisle House to supported accommodation.

During the last ten years our investment in housing properties has increased from £68,613,125 at 31 March 2005 to £109,268,955 at 31 March 2015.



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 and the Scottish Government. 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 £4,440,517 on its major repairs programme, consisting of: capitalised expenditure of £2,870,426 included in the value of housing

assets; and £1,570,091 which is included as the major repairs expenditure in the Income and Expenditure Account. This involved the replacement of older kitchens and bathrooms, new central heating systems, new windows and various other improvement and upgrading works relating to stonework repairs, door entry systems, suspended ceilings, insulation works and roof replacements.

This significant programme of works will continue next year to secure the integrity of the stock and meet the requirements of the Scottish Housing Quality Standard.

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.

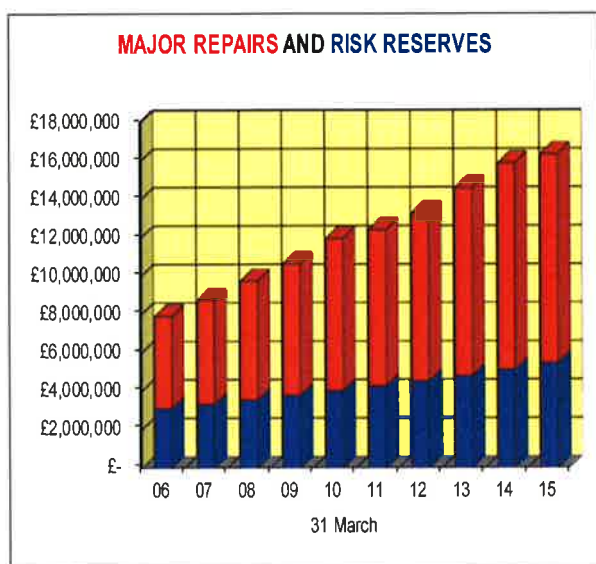
At 31 March 2014 the Association had set aside £5,827,925 of restricted and designated reserves to cover future major repairs expenditure. This was increased further, to £6,199,208 at 31 March 2015, by additional transfers of £371,283 from the surplus for the financial year of £740,973.

FINANCIAL RESERVES - DECREASE 43%

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 £17,045,907 at 31 March 2015. This represents an increase of 3%, compared with

FINANCIAL RESERVES - cont.

the financial reserves at 31 March 2014 of £16,551,934. 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

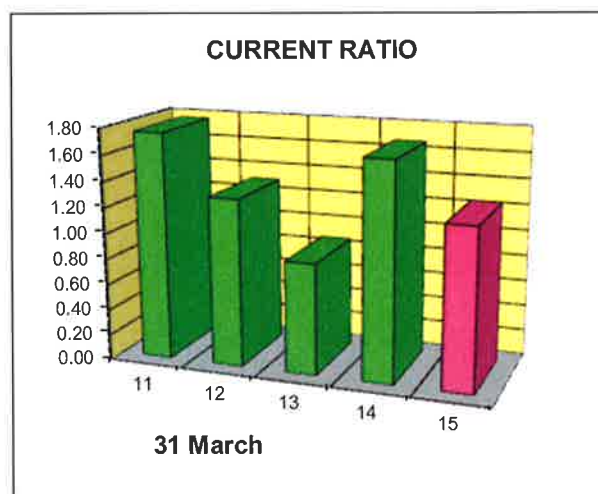
A net cash inflow from operating activities of £3,095,693 was generated in 2014/15, compared with a net cash inflow from operating activities of £1,541,075 in 2013/14, an increase of £1,541,075. This inflow from operating activities of £3,095,693 in 2014/15 reflects:

- an operating surplus of £940,441 plus non-cash depreciation of £1,333,157; and
- a decrease in debtors of £1,283,250; which were partially offset by
- a decrease in creditors of £352,449.

The decrease in cash generated during 2014/15 of £529,102, compared with an increase of £2,047,062 in 2013/14, was mainly attributable to:

- the increase in the inflow from operating activities of £1,541,075 in 2014/15; which was partially offset by
- £2,870,426 of capitalised expenditure which was spent on improvements carried out to our existing tenants' housing properties.

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 1.67 cover at 31 March 2014 to 1.24 times cover at 31 March 2015, a decrease of 26% as shown on the graph below.



This ratio at 31 March 2015 was in line with the Association's long-term internal target.

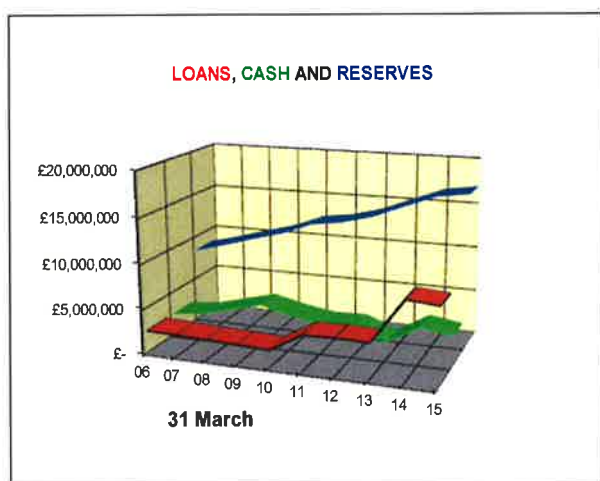
Cash and bank balances less bank overdrafts stood at £3,388,779 at 31 March 2015, compared with £3,917,881 at 31 March 2014, a decrease of 14% during the financial year. This decrease in cash and bank balances less bank overdrafts of £529,102 during 2014/15 was mainly attributable to the decrease in the surplus generated in the year to 31 March 2015 to £740,973 from the surplus of £1,356,243 generated in the previous 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 decreased to 8% in 2014/15, compared with 9% in 2013/14. 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 financial 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.

The Association has a £15 million loan facility arranged with Barclays plc. This facility was put

in place to fund the Association's financing requirements which were identified in its 30-year Business Plan and agreed with Barclays plc.

We will need to draw on this loan facility over the next 2 years to fund our Business Plan objectives. At 31 March 2015 total drawdowns to date against this facility amounted to £7.8 million. 10-year interest rate fixes have been arranged for a number of these loans to reduce the Association's exposure to future increases in interest rates.

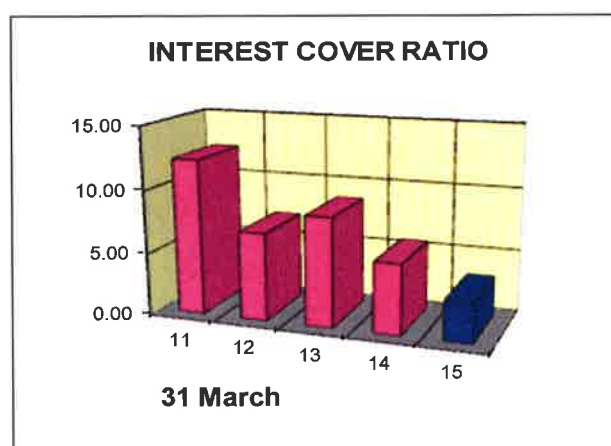
Approval of the loan facility by Barclays plc required the Association to agree to comply with a number of financial covenants. These financial covenants are set to ensure that the Association maintains financial discipline and adheres to prudent financial management.

It is pleasing to report to members that the Association has comfortably met and exceeded all financial covenants set during the financial year to 31 March 2015.

INTEREST COVER RATIO - DECREASE 43%

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 decreased by 43% to 3.17 times cover in 2014/15, compared with 5.57 times cover in 2013/14, as shown on the graph below. This ratio is a key measure of the Association's short-term long-term viability and the ratio was much stronger than the Association's long-term internal target for 2014/15, despite it declining.



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.

Due to funding constraints and reducing grant subsidy for the development of new housing, the Association's ability to provide new housing accommodation in the future is limited in the light of other financial priorities.

However, as a result of further financial appraisal, the Association has taken a decision to develop proposals for new housing on its vacant site at the corner of Victoria Road and Butterbiggins Road. The Association will continue to help facilitate the improvement of older private housing in the area in partnership with Glasgow City Council and will continue to promote environmental backcourt improvements with additional funding from the Scottish Government.

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

It is our belief that the worst point of the recent financial crisis has passed now, but the recovery from this point will continue to be slow and protracted. 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 and beyond.

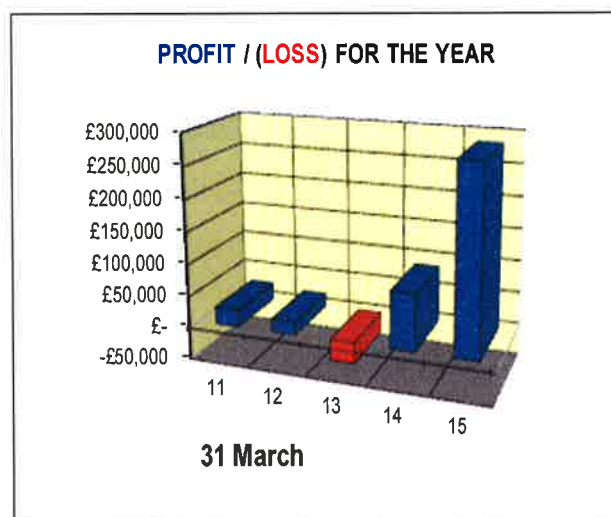
GOVANHILL COMMUNITY DEVELOPMENT TRUST LIMITED

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.

PROFIT FOR THE YEAR

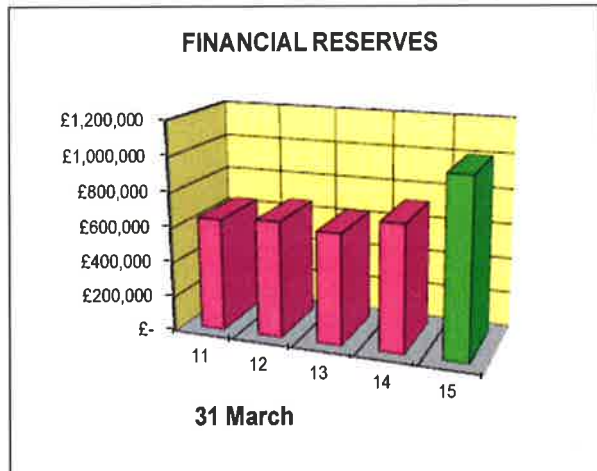
The Trust made a profit of £284,465 during the year to 31 March 2015, compared with a profit of £86,800 in 2013/14. This was mainly attributable to a gain of £253,033 made on the sale of its property unit providing intensive supported accommodation for homeless women, which was partially offset by a reduction in the amount of grant income received to fund the community based projects it undertakes.

The operating profit for the year was generated principally from: renting commercial units; 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.



FINANCIAL RESERVES

The Trust's financial reserves have increased to £1,001,773 at 31 March 2015, from £717,311 at 31 March 2014.



THE FOCUS OF THE TRUST'S WORK IN 2014/15

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.

During last year, the Trust was instrumental in delivering the final phase of the Govanhill Backcourt Improvements and Employability Initiative in partnership with others. An additional benefit of the backcourt improvements was the employment opportunity it provided to young trainees to gain new skills and improve their future job prospects.

Last year the Trust was able to continue its support for Sistema Scotland who occupy Forsyth House in Coplaw Street and help them further establish the Big Noise Govanhill centre. The Trust was also at the forefront of promoting and delivering the streetscape works and shop front improvements in Allison Street, following consultation with local residents and shop owners, and continued its support to 'Fusion Bites', a newly established social enterprise offering multi-cultural cookery and catering services from premises in Cathcart Road.

The Trust also continued to support 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 of 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.

In subsequent years the company is expected to maintain a satisfactory level of financial strength. 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 also a subsidiary of the Association. It 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 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 surplus of £6,878 in the year to 31 March 2015, compared with a surplus of £104,814 in the previous financial year. This decrease was mainly attributable to a reduction

SURPLUS FOR THE YEAR – cont.

in the amount of grant income it received to fund the community based projects it undertakes.

BALANCE SHEET

GREAT Gardens' balance sheet at 31 March 2015 was satisfactory. Its financial reserves increased to £150,804 and were backed by cash and bank balances, net of overdrafts, of £178,343, while its debtors stood at £37,265 and its other creditors stood at £75,071 at the financial year end.

THE FOCUS OF GREAT GARDENS' WORK IN 2014/15

At the end of its seventh operational year, GREAT Gardens was able to successfully promote itself for commissioning on the final phase of the Govanhill Backcourt Improvements and Employability Initiative promoted by Govanhill Housing Association and Govanhill Community Development Trust and funded by the Scottish Government and Glasgow City Council. The company received a grant award for the delivery of training on this initiative. This funding award, together with additional grants and income from its other activities, enabled the company to develop its capacity and sustainability in the short to medium term.

The company was able to deliver work experience, training and support to a significant number of trainees and volunteers over this year and positively engage with residents and community groups, at the same time addressing environmental issues and undertaking positive visual improvements in the Govanhill community.

FUTURE PROSPECTS

The company seeks to develop its environmental and grounds maintenance programme of work

with Govanhill Housing Association Limited and to actively engage in more similar work on a public and private partnership basis.

The intention is to continue and develop the company as a social enterprise organisation for the benefit of the local community. In 2015/16, GREAT Gardens will deliver environmental training to 40 trainees as part of the Govanhill Backcourt Wardens scheme funded by the Scottish Government. The trainees will help provide environmental management services to sustain the backcourt improvements carried out to the private sector tenement blocks in the south west of the Govanhill area.

The company has also successfully been appointed to deliver its environmental services and training programme in Castlemilk as part of a further contract award on the Employability Initiative with Cassiltoun Trust in 2015/16.

With the assistance of grant funding from the Scottish Government's People & Communities Fund, GREAT Gardens will work with trainees, volunteers and the local community to develop the Govanhill Community Garden on the vacant site adjacent to Samaritan House.

*Malcolm MacDonald
Finance Manager
5 August 2015*

GOVANHILL HOUSING ASSOCIATION LIMITED
MANAGEMENT COMMITTEE MEMBERS, EXECUTIVE OFFICERS
AND ADVISERS

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For the year ended 31 March 2015

Management Committee

John McLardie	(Chairperson)
Annie Macfarlane	(Vice Chair)
Elizabeth Klein	(Secretary)
Janice McEwan	(Treasurer)
Ann Scott	
Henry Rooney	
Mujeeb Ur Rehman	
Ghazala Hakeem	
Linda Higgins	
Huda Alarashi	(Resigned 3/11/14)
Keith Kintrea	
Jean Brogan	(Appointed 4/09/14)
Isabel Deakin	(Appointed 21/01/15)
Mark Fitzpatrick	(Appointed 10/09/14)
Brian Morgan	(Appointed 4/02/14)
Myra Salim	(Appointed 10/09/14)
Dominic Quigley	(Appointed April 2014 resigned 27/10/14)

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
133 Finnieston Street
GLASGOW G3 8HB

Bankers

Bank of Scotland plc
464 Victoria Road
GLASGOW G42 8PB

Solicitors

TC Young LLP
7 West George Street
GLASGOW G2 1BA

GOVANHILL HOUSING ASSOCIATION LIMITED
REPORT OF THE MANAGEMENT COMMITTEE
For the year ended 31 March 2015

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The management committee has pleasure in presenting their report and the audited accounts for the year ended 31 March 2015.

Legal Status

The Association is a registered social landlord under the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010. The Association is constituted under its Rule Book. In 2014 the Association changed its rules in compliance with the SFHA Charitable Model Rules (Scotland) 2013. The Association is a registered Scottish Charity with the number SC010307

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, 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 Group's performance during the year. The surplus for the year after taxation was £779,283 (2014 - £1,547,857). Transfers to designated reserves were £413,326 (2014 - £425,032) respectively. The Group's net assets are now £17,843,855 (2014 - £17,311,557).

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.*

Statement on Internal financial control

The governing body acknowledges its ultimate responsibility for ensuring that the RSL 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 governing body's responsibility to establish and maintain the 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 in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the 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 governing body to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and 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 governing body;*
- the audit committee/governing body receive reports from management and from external and internal auditors, to provide reasonable assurance that control and 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 weakness identified through internal or external audit reports*

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

GOVANHILL HOUSING ASSOCIATION LIMITED
STATEMENT OF THE MANAGEMENT COMMITTEE'S RESPONSIBILITIES
For the year ended 31 March 2015

PAGE 12

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 Association 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 Association 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 Association and group and to enable them to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Statement of Recommended Practice – Accounting by registered social housing providers issued in 2010, and the Scottish Housing Regulator's Determination of Accounting Requirements April 2012. They are also responsible for safeguarding the assets of the Association and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE MANAGEMENT COMMITTEE



Elizabeth Klein
Secretary

Date: 5 AUGUST 2015

GOVANHILL HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GOVANHILL HOUSING ASSOCIATION ON CORPORATE GOVERNANCE
MATTERS

PAGE 13

For the year ended 31 March 2015

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 11 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 11 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the 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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



FRENCH DUNCAN LLP

Chartered Accountants

Statutory Auditor

133 Finnieston Street

GLASGOW G3 8HB

Date:

07/08/2015

GOVANHILL HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GOVANHILL HOUSING ASSOCIATION LIMITED
For the year ended 31 March 2015

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We have audited the Financial Statements of Govanhill Housing Association Limited for the year ended 31 March 2015 on pages 15 to 44. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with Section 87 of 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 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 auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 12, the Committee is responsible for the preparation of the Financial Statements and for being satisfied that they 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 of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private/cfm.

Opinion on financial statements

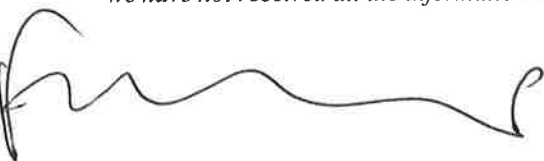
In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2015 and of its income and expenditure for the year then ended; and*
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements April 2012.*

Matters arising on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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



FRENCH DUNCAN LLP
Chartered Accountants
Statutory Auditor
133 Finnieston Street
GLASGOW G3 8HB

Date: 07/08/2015

GOVANHILL HOUSING ASSOCIATION LIMITED
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2015

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	Notes	2015 £	2014 £
TURNOVER	2(a)	11,143,403	10,104,135
<i>Operating costs</i>	2(a)	(10,154,056)	(8,415,630)
OPERATING SURPLUS	2(a), 5	989,347	1,688,505
<i>Gain on disposal of fixed assets</i>		94,775	145,513
<i>Other income</i>		0	0
<i>Interest receivable and other similar income</i>	7	3,177	4,180
<i>Interest payable and other similar charges</i>	8	(297,766)	(265,100)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		789,533	1,573,098
<i>Taxation on surplus on ordinary activities</i>	9	(10,250)	(25,241)
SURPLUS FOR THE YEAR	22	779,283	1,547,857

The results for the year relate wholly to continuing activities.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
For the year ended 31 March 2015

<i>Retained surplus for the year</i>		779,283	1,547,857
<i>Actuarial (loss) / gain recognised in the retirement benefit scheme</i>	27	(247,000)	(39,000)
<i>Total recognised surpluses and deficits since last annual report</i>		532,283	1,508,857

The notes on pages 21 to 44 form part of these accounts.

GOVANHILL HOUSING ASSOCIATION LIMITED
COMPANY INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2015

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	Notes	2015 £	2014 £
TURNOVER	2(b)	10,481,988	9,485,194
Operating costs	2(b)	(9,541,547)	(8,013,054)
OPERATING SURPLUS	2(b), 5	940,441	1,472,140
Gain on disposal of fixed assets		96,005	145,513
Interest receivable and other similar income	7	2,293	3,690
Interest payable and other similar charges	8	(297,766)	(265,100)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		740,973	1,356,243
Taxation on surplus on ordinary activities	9	0	0
SURPLUS FOR THE YEAR	22	740,973	1,356,243

The results for the year relate wholly to continuing activities.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2015

Retained surplus for the year		740,973	1,356,243
Actuarial (loss) / gain recognised in the retirement benefit scheme	27	(247,000)	(39,000)
Total recognised surpluses and deficits since last annual report		493,973	1,317,243

The notes on pages 21 to 44 form part of these accounts.

GOVANHILL HOUSING ASSOCIATION LIMITED
CONSOLIDATED BALANCE SHEET
For the year ended 31 March 2015

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	Notes	2015 £	2014 £
TANGIBLE FIXED ASSETS			
Housing properties - gross cost less depreciation		102,650,999	98,750,230
Less: Social housing grant		72,272,081	70,252,166
Other grants		3,771,140	3,752,997
	11(a)	26,607,778	24,745,067
New Supplied Share Equity Scheme Loan		282,500	282,500
New Supplied Share Equity Scheme Grant		(282,500)	(282,500)
		0	0
Other - Gross cost less depreciation		6,207,570	6,124,369
Less: Grants		3,704,327	3,742,661
	11(e)	2,503,243	2,381,708
		29,111,021	27,126,775
INTANGIBLE FIXED ASSETS			
Negative goodwill	13	(3,830,568)	(3,940,932)
CURRENT ASSETS			
Stock and work in progress	14	3,672	4,328
Debtors	15	1,117,029	2,394,864
Cash at bank and in hand		4,991,293	4,835,830
		6,111,994	7,235,022
CREDITORS: amounts falling due within one year	16	4,568,352	4,099,902
NET CURRENT ASSETS		1,543,642	3,135,120
TOTAL ASSETS LESS CURRENT LIABILITIES		26,824,095	26,320,963
CREDITORS: amounts falling due after more than one year	17	8,537,578	8,813,744
PROVISIONS FOR LIABILITIES AND CHARGES	18	442,662	195,662
NET ASSETS		17,843,855	17,311,557
CAPITAL AND RESERVES			
Share capital	19	1,271	1,257
Designated reserves	20(a)	6,929,425	6,516,099
Restricted reserves	21	16,900	16,900
Revenue reserve	22	10,896,259	10,777,301
CAPITAL EMPLOYED	23	17,843,855	17,311,557

Approved by members of the management committee on: 5 AUGUST 2015

CHAIRPERSON

J. McLARDIE

SECRETARY

E. KLEIN

TREASURER

J. McEWAN

The notes on pages 21 to 44 form part of these accounts.

GOVANHILL HOUSING ASSOCIATION LIMITED
COMPANY BALANCE SHEET
For the year ended 31 March 2015

PAGE 18

	Notes	2015 £	2014 £
TANGIBLE FIXED ASSETS			
Housing properties - gross cost less depreciation		101,878,992	97,978,223
Less: Social housing grant		72,272,081	70,252,166
Other grants		3,006,101	2,987,958
	11(c)	26,600,810	24,738,099
New Supplied Share Equity Scheme Loan		282,500	282,500
New Supplied Share Equity Scheme Grant		(282,500)	(282,500)
		0	0
Other - Gross cost less depreciation		3,117,350	2,984,238
Less: Grants		937,137	937,137
	11(f)	2,180,213	2,047,101
		28,781,023	26,785,200
INVESTMENT	12	100	100
INTANGIBLE FIXED ASSETS			
Negative goodwill	13	(3,830,568)	(3,940,932)
CURRENT ASSETS			
Stock and work in progress	14	3,570	4,228
Debtors	15	1,095,371	2,378,621
Cash at bank and in hand		4,362,172	4,353,460
		5,461,113	6,736,309
CREDITORS: amounts falling due within one year	16	4,400,912	4,035,742
NET CURRENT ASSETS		1,060,201	2,700,567
TOTAL ASSETS LESS CURRENT LIABILITIES		26,010,756	25,544,935
CREDITORS: amounts falling due after more than one year	17	8,537,578	8,813,744
PROVISIONS FOR LIABILITIES AND CHARGES	18	426,000	178,000
NET ASSETS		17,047,178	16,553,191
CAPITAL AND RESERVES			
Share capital	19	1,271	1,257
Designated reserves	20(b)	6,182,308	5,811,025
Restricted reserves	21	16,900	16,900
Revenue reserve	22	10,846,699	10,724,009
CAPITAL EMPLOYED	23	17,047,178	16,553,191

Approved by members of the management committee on:

5 AUGUST 2015

CHAIRPERSON



J. McLARDIE

SECRETARY



E. KLEIN

TREASURER



J. McEWAN

The notes on pages 21 to 44 form part of these accounts.

GOVANHILL HOUSING ASSOCIATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2015

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	Notes	2015 £	2014 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	3,002,100	1,688,253
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		3,177	4,180
Interest paid		(297,766)	(265,100)
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(294,589)	(260,920)
TAXATION			
Corporation tax (paid) / recovered		(25,400)	5,797
NET CASH (OUTFLOW) / INFLOW ON TAXATION		(25,400)	5,797
INVESTING ACTIVITIES			
Acquisition and construction of housing properties		(2,347,218)	(900,515)
Improvements to housing properties		(2,870,426)	(4,395,850)
Purchase of other fixed assets		(226,829)	(51,128)
Capital grants received		2,038,058	1,026,096
Sales of housing properties		164,745	233,675
Sales of commercial properties		0	0
Sales of other fixed assets		261,800	0
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(2,979,870)	(4,087,722)
NET CASH (OUTFLOW) BEFORE FINANCING		(297,759)	(2,654,592)
FINANCING			
Issue of ordinary share capital		14	7
Loan advances received		0	5,000,000
Loan principal repayments		(96,361)	(164,876)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING		(96,347)	4,835,131
(DECREASE) / INCREASE IN CASH	25	(394,106)	2,180,539

The notes on pages 21 to 44 form part of these accounts.

GOVANHILL HOUSING ASSOCIATION LIMITED
COMPANY CASH FLOW STATEMENT

PAGE 20

For the year ended 31 March 2015

	Notes	2015 £	2014 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	3,095,693	1,554,618
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2,293	3,690
Interest paid		(297,766)	(265,100)
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(295,473)	(261,410)
TAXATION			
Corporation tax paid		0	0
NET CASH (OUTFLOW) ON TAXATION		0	0
INVESTING ACTIVITIES			
Acquisition and construction of housing properties		(2,347,218)	(900,515)
Improvements to housing properties		(2,870,426)	(4,395,850)
Purchase of other fixed assets		(218,134)	(44,683)
Capital grants received		2,038,058	1,026,096
Sales of housing properties		164,745	233,675
Sales of commercial properties		0	0
Sales of other fixed assets		0	0
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(3,232,975)	(4,081,277)
NET CASH (OUTFLOW) BEFORE FINANCING		(432,755)	(2,788,069)
FINANCING			
Issue of ordinary share capital	14		7
Loan advances received	0		5,000,000
Loan principal repayments		(96,361)	(164,876)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING		(96,347)	4,835,131
(DECREASE) / INCREASE IN CASH	25	(529,102)	2,047,062

The notes on pages 21 to 44 form part of these accounts.

GOVANHILL HOUSING ASSOCIATION LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2015

PAGE 21

1. ACCOUNTING POLICIES

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 with the Financial Conduct Authority. The accounts have been prepared in accordance with applicable Accounting Standards and Statements of Recommended Practice and comply with the Scottish Housing Regulator's Determination of Accounting Requirements April 2012. 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. 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.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

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 SHG 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 SHG and other grant and less accumulated depreciation. The development and improvement 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 SHG 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.

GOVANHILL HOUSING ASSOCIATION LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2015

PAGE 22

1. ACCOUNTING POLICIES (continued)

Depreciation - housing properties

Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce the net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components is shown in the table below.

	<i>Depreciation Period (Years)</i>
Kitchens	15
Bathrooms	20
External Windows	30
Central Heating	20
Door Entry Systems	15
Lifts	30
Roofs	50
Structure	50

In addition depreciation is provided on housing properties to the extent that development administration costs capitalised are not funded through SHG 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 SHG 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 costs

Development administration costs relating to development activities and improvement of properties 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, office, motor vehicles 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
Motor vehicles	-	20% straight line

GOVANHILL HOUSING ASSOCIATION LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2015

PAGE 23

1. ACCOUNTING POLICIES (continued)

Stock and work in progress

Stock and work in progress comprises the costs to the balance sheet date of:

- *properties being developed for sale under the New Supply Shared Equity Scheme; and*
- *other stocks of postage, stationery and maintenance materials.*

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 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 hostel assets

Amounts included in the rental of hostel properties are 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 – the Scottish Housing Associations' 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 27).

At the time of Second Stage Transfer the Association took on employees who are members of the Strathclyde Pension Scheme. In accordance with FRS 17 – Retirement Benefits, the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the income and expenditure account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in the total statement of recognised surpluses and deficits.

Goodwill

Negative goodwill arose on the acquisition of housing assets and the related rent arrears from Glasgow Housing Association as part of a Second Stage Transfer. The fair value of the assets acquired exceeded the consideration paid by the Association. Negative goodwill is written back to the Income & Expenditure Account in equal instalments over a period of 50 years.

GOVANHILL HOUSING ASSOCIATION LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2015

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

GROUP	2015			2014
	Turnover	Operating costs	Operating surplus / (deficit)	Operating surplus/ (deficit) for previous period
	£	£	£	£
Social lettings	9,358,150	(8,184,493)	1,173,657	1,701,161
Other activities	1,473,799	(1,722,790)	(248,991)	(63,460)
Incoming resources from charitable subsidiary	311,454	(246,773)	64,681	50,804
Total	11,143,403	(10,154,056)	989,347	1,688,505
Total for previous reporting period	10,104,135	(8,415,630)	1,688,505	

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

COMPANY	Note	2015			2014
		Turnover	Operating costs	Operating surplus / (deficit)	Operating surplus/ (deficit) for previous period
		£	£	£	£
Social lettings	3	9,297,700	(8,272,046)	1,025,654	1,521,176
Other activities	4	1,184,288	(1,269,501)	(85,213)	(49,036)
Total		10,481,988	(9,541,547)	940,441	1,472,140
Total for previous reporting period		9,485,194	(8,013,054)	1,472,140	

NOTES TO THE ACCOUNTS

For the year ended 31 March 2015

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

Company	Company				2015 Total	2014 Total
	General Needs Housing	Supported Housing Accommodation	Shared Ownership Housing	Other Shared Equity Housing		
	£	£	£	£	£	£
Rent receivable net of service charges	8,948,833	252,679	0	8,073	9,209,585	8,880,734
Service charges	193,092	9,111	0	956	203,159	194,383
Gross income from rents and service charges	9,141,925	261,790	0	9,029	9,412,744	9,075,117
Less voids	(145,746)	0	0	0	(145,746)	(169,634)
Net income from rents and service charges	8,996,179	261,790	0	9,029	9,266,998	8,905,483
Grants from the Scottish Ministers	0	0	0	0	0	0
Other Revenue grants	30,702	0	0	0	30,702	32,044
Total turnover from social letting activities	9,026,881	261,790	0	9,029	9,297,700	8,937,527
Management and maintenance administration costs	(3,089,930)	(23,713)	0	(6,530)	(3,120,173)	(2,638,258)
Service costs	(189,300)	0	0	(956)	(190,256)	(184,126)
Planned and cyclical maintenance including major repairs costs	(2,509,844)	(58,946)	0	0	(2,568,790)	(2,361,064)
Reactive maintenance costs	(1,101,574)	(54,833)	0	(2,348)	(1,158,755)	(1,055,353)
Bad debts - rents and service charges	(93,765)	0	0	0	(93,765)	(20,950)
Depreciation of social housing	(1,239,086)	(2,536)	0	(9,049)	(1,250,671)	(1,240,450)
Impairment of social housing	0	0	0	0	0	0
Release of negative goodwill	110,364	0	0	0	110,364	83,850
Operating costs for social letting activities	(8,113,135)	(140,028)	0	(18,883)	(8,272,046)	(7,416,351)
Operating surplus or (deficit) for social lettings	913,746	121,762	0	(9,854)	1,025,654	1,521,176
Operating surplus or (deficit) for social lettings for previous year	1,412,978	118,238	0	(10,040)	1,521,176	

NOTES TO THE ACCOUNTS

For the year ended 31 March 2015

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 (write off)/ 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	227,042	133,150	0	0	360,192	0	(360,192)	0	0
Care and repair of property	0	0	0	0	0	0	0	0	0
Factoring	0	0	0	771,614	771,614	(20,701)	(843,435)	(92,522)	(68,357)
Development and construction of property activities	0	0	0	0	0	15,207	0	15,207	16,853
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	0	0	0	0	0	0	0	0
Other agency/management services	0	0	0	0	0	0	0	0	0
Developments 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	43,701	43,701	0	(43,701)	0	0
- Rental of commercial property	0	0	0	5,993	5,993	0	(16,679)	(10,686)	(10,216)
- Hire of conference hall	0	0	0	2,788	2,788	0	0	2,788	12,684
- Sale of other fixed assets	0	0	0	0	0	0	0	0	0
TOTAL FROM OTHER ACTIVITIES	227,042	133,150	0	824,096	1,184,288	(5,494)	(1,264,007)	(85,213)	(49,036)
TOTAL FROM OTHER ACTIVITIES (2014)	0	0	0	547,667	547,667	17,448	(614,131)	(49,036)	

NOTES TO THE ACCOUNTS

For the year ended 31 March 2015

5. OPERATING SURPLUS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Operating surplus is stated after charging/(crediting):				
Depreciation	1,350,400	1,331,835	1,333,157	1,315,482
Repairs: cyclical, major, day to day	3,865,722	3,528,657	3,727,545	3,416,417
Gain on sale of fixed assets	(96,005)	(145,513)	(96,005)	(145,513)
Auditor's remuneration				
- In their capacity as auditors	21,771	17,999	14,551	12,068
- In respect of other services	2,564	1,808	690	0

6 (a). EMPLOYEES

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Staff costs during the year:				
Wages and salaries	2,188,191	1,937,851	1,851,586	1,674,340
Social security costs (national insurance contributions)	162,904	147,609	153,021	139,106
Other pension costs	485,606	292,173	465,847	274,833
Redundancy costs	0	0	0	0
	2,836,701	2,377,633	2,470,454	2,088,279

Included in other pensions costs are: Past service deficit payments of £279,470 (2014 - £125,568).

	Group		Company	
	Number	Number	Number	Number
The average number of employees during the year was	71	63	55	50

6 (b). DIRECTORS' EMOLUMENTS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Total emoluments				
(including pension contributions and benefits in kind)	348,645	347,424	348,645	347,424
The emoluments (excluding pension contributions)				
of the highest paid director amount to	76,722	74,894	76,722	74,894
Pension contributions of the highest paid director amount to	9,385	7,160	9,385	7,160

Total expenses reimbursed in so far as not chargeable to United Kingdom income tax

Management Committee	1,883	1,652	1,883	1,652
	Number	Number	Number	Number
£40,001 - £60,000	1	0	1	0
£60,001 - £70,000	3	4	3	4
£70,001 - £80,000	1	1	1	1
£80,001 - £90,000	0	0	0	0

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, are also managed by voluntary boards of directors. 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.

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7. INTEREST RECEIVABLE AND OTHER SIMILAR INCOME

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Interest receivable on deposits	3,177	4,180	2,293	3,690
FRS 17 finance charge	0	0	0	0
	3,177	4,180	2,293	3,690

8. INTEREST PAYABLE AND OTHER SIMILAR CHARGES

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts repayable within five years	0	4	0	4
Other loans repayable within five years	0	0	0	0
Other loans repayable wholly or partly in more than five years	297,766	265,096	297,766	265,096
	297,766	265,100	297,766	265,100

9. TAXATION

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
UK corporation tax: Current Year at 20% (2014 - 20%)	11,250	25,398	0	0
Adjustment for prior years	0	(157)	0	0
Deferred taxation (note 18)	(1,000)	0	0	0
	10,250	25,241	0	0

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

10. HOUSING STOCK

	Group		Company	
	2015	2014	2015	2014
	Number	Number	Number	Number
The number of units of accommodation in management at the year end was:				
General needs - new build	208	208	208	208
- rehabilitation	2,168	2,155	2,168	2,155
Supported housing	82	67	82	67
Shared ownership	4	5	4	5
	2,462	2,435	2,462	2,435

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For the year ended 31 March 2015

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	2015 Total
	£	£	£	£
COST				
At start of year	104,166,869	510,623	237,507	104,914,999
Additions	4,825,474	392,170	0	5,217,644
Disposals	(39,407)	0	(49,826)	(89,233)
Transfers to stock	0	0	0	0
Schemes completed in the year	0	0	0	0
At end of year	108,952,936	902,793	187,681	110,043,410
DEPRECIATION				
At start of year	6,072,350	0	92,419	6,164,769
Charged during year	1,239,086	0	9,049	1,248,135
Eliminated on disposal	(2,010)	0	(18,483)	(20,493)
At end of year	7,309,426	0	82,985	7,392,411
SOCIAL HOUSING GRANT				
At start of year	69,634,237	506,936	110,993	70,252,166
Additions	1,674,312	368,777	0	2,043,089
Disposals	0	0	(23,174)	(23,174)
Transfers to stock	0	0	0	0
Schemes completed in the year	0	0	0	0
At end of year	71,308,549	875,713	87,819	72,272,081
OTHER GRANTS				
At start of year	3,752,997	0	0	3,752,997
Additions	18,143	0	0	18,143
Transfers	0	0	0	0
Schemes completed in the year	0	0	0	0
At end of year	3,771,140	0	0	3,771,140
NET BOOK VALUE				
At end of year	26,563,821	27,080	16,877	26,607,778
At start of year	24,707,285	3,687	34,095	24,745,067

Development administration costs capitalised amounted to £254,721 (2014 - £361,949) for which Social Housing Grants amounting to £0 (2014 - £0) were received in the year.

The properties acquired at Second Stage transfer on 31 January 2011 were included at fair value using the EUV-SH basis of valuation.

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 charged on these properties. Other grants received are repayable under certain circumstances.

	2015 £	2014 £
Housing properties comprise:		
Heritable	26,607,778	24,745,067

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11(c). TANGIBLE FIXED ASSETS

COMPANY	Housing Properties			2015 Total £
	Housing properties held for letting £	Housing properties in the course of construction £	Shared equity properties held for letting £	
COST				
At start of year	103,392,414	510,623	237,507	104,140,544
Additions	4,825,474	392,170	0	5,217,644
Disposals	(39,407)	0	(49,826)	(89,233)
Transfers to stock	0	0	0	0
Schemes completed in the year	0	0	0	0
At end of year	108,178,481	902,793	187,681	109,268,955
DEPRECIATION				
At start of year	6,069,902	0	92,419	6,162,321
Charged during year	1,239,086	0	9,049	1,248,135
Eliminated on disposal	(2,010)	0	(18,483)	(20,493)
At end of year	7,306,978	0	82,985	7,389,963
SOCIAL HOUSING GRANT				
At start of year	69,634,237	506,936	110,993	70,252,166
Additions	1,674,312	368,777	0	2,043,089
Disposals	0	0	(23,174)	(23,174)
Transfers to stock	0	0	0	0
Schemes completed in the year	0	0	0	0
At end of year	71,308,549	875,713	87,819	72,272,081
OTHER GRANTS				
At start of year	2,987,958	0	0	2,987,958
Additions	18,143	0	0	18,143
Transfers	0	0	0	0
Schemes completed in the year	0	0	0	0
At end of year	3,006,101	0	0	3,006,101
NET BOOK VALUE				
At end of year	26,556,853	27,080	16,877	26,600,810
At start of year	24,700,317	3,687	34,095	24,738,099

Development administration costs capitalised amounted to £254,721 (2014 - £361,949) for which Social Housing Grants amounting to £0 (2014 - £0) were received in the year.

The properties acquired at Second Stage transfer on 31 January 2011 were included at fair value using the EUV-SH basis of valuation.

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 charged on these properties. Other grants received are repayable under certain circumstances.

11(d).	2015 £	2014 £
Housing properties comprise:		
Heritable	26,600,810	24,738,099

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11(e). TANGIBLE FIXED ASSETS

GROUP	Other Fixed Assets				2015 Total £
	Heritable office property	Computer and office equipment	Hostels equipment	Commercial premises	
	£	£	£	£	
COST					
At start of year	3,535,868	408,616	74,287	2,998,408	7,017,179
Transfers	0	0	0	0	0
Additions	179,989	46,840	0	0	226,829
Disposals	0	(4,113)	(40,012)	0	(44,125)
At end of year	3,715,857	451,343	34,275	2,998,408	7,199,883
GRANTS					
At start of year	859,697	0	38,334	2,844,630	3,742,661
Disposals	0	0	(38,334)	0	(38,334)
Transfers	0	0	0	0	0
Additions	0	0	0	0	0
At end of year	859,697	0	0	2,844,630	3,704,327
DEPRECIATION					
At start of year	413,863	351,483	32,646	94,818	892,810
Charged during year	47,455	41,799	2,536	10,475	102,265
Eliminated on disposal	0	(1,084)	(1,678)	0	(2,762)
At end of year	461,318	392,198	33,504	105,293	992,313
NET BOOK VALUE					
At end of year	2,394,842	59,145	771	48,485	2,503,243
At start of year	2,262,308	57,133	3,307	58,960	2,381,708

11(f). COMPANY

COST					
At start of year	3,232,457	321,466	34,275	81,990	3,670,188
Transfers	0	0	0	0	0
Additions	179,989	38,145	0	0	218,134
Disposals	0	0	0	0	0
At end of year	3,412,446	359,611	34,275	81,990	3,888,322
GRANTS					
At start of year	859,697	0	0	77,440	937,137
Disposals	0	0	0	0	0
Transfers	0	0	0	0	0
Additions	0	0	0	0	0
At end of year	859,697	0	0	77,440	937,137
DEPRECIATION					
At start of year	377,581	276,946	30,968	455	685,950
Charged during year	47,455	34,940	2,536	91	85,022
Disposals	0	0	0	0	0
At end of year	425,036	311,886	33,504	546	770,972
NET BOOK VALUE					
At end of year	2,127,713	47,725	771	4,004	2,180,213
At start of year	1,995,179	44,520	3,307	4,095	2,047,101

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 charged on these properties.

11(g).	Group 2015 £	2014 £	Company 2015 £	2014 £
Commercial premises comprise:				
Heritable	48,485	58,960	4,004	4,095

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12. INVESTMENT

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
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 a charitable company limited by guarantee, registered in Scotland and controlled by the Management Committee of Govanhill Housing Association Limited.

13. NEGATIVE GOODWILL

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
At start of year	3,940,932	4,024,782	3,940,932	4,024,782
Amortised in the year	(110,364)	(83,850)	(110,364)	(83,850)
At end of year	3,830,568	3,940,932	3,830,568	3,940,932

14. STOCK AND WORK IN PROGRESS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Postage, stationery and maintenance stock	3,672	4,328	3,570	4,228
At end of year	3,672	4,328	3,570	4,228

15. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year:				
Rental debtors - housing benefit	66,879	42,890	66,879	42,890
- other	452,043	436,987	451,351	436,039
Less: provision for bad debts	(332,861)	(306,824)	(332,861)	(306,824)
Amounts due by subsidiary companies	0	0	21,335	15,892
Capital grants receivable	147,415	1,337,943	147,415	1,337,943
Corporation tax	0	0	0	0
Other debtors	659,942	672,413	623,493	652,527
Prepayments and accrued income	123,611	211,455	117,759	200,154
	1,117,029	2,394,864	1,095,371	2,378,621

NOTES TO THE ACCOUNTS

For the year ended 31 March 2015

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Housing loans (note 17a)	250,190	70,385	250,190	70,385
Non-housing loans	0	0	0	0
Amounts due to subsidiary company	0	0	14,083	26,989
Bank overdraft	985,148	435,579	973,393	435,579
Trade creditors	1,020,543	1,442,003	978,123	1,472,469
Corporation tax	11,250	25,398	0	0
Other taxation and social security costs	77,688	97,569	72,468	92,124
Social Housing Grant in advance	62,555	58,537	62,555	58,537
Other creditors	1,219,664	1,100,834	1,173,255	1,071,971
Accruals and deferred income	420,516	384,643	409,637	375,513
Rent deposits	12,580	14,224	0	0
Rent in advance	471,033	442,359	430,023	403,804
Factoring in advance	37,185	28,371	37,185	28,371
	<u>4,568,352</u>	<u>4,099,902</u>	<u>4,400,912</u>	<u>4,035,742</u>

Included within accruals and deferred income is an amount due of £22,957 (2014 - £37,558) in respect of pension contributions. Also included within accruals and deferred income is deferred income of £39,703 (2014 - £19,156).

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Housing loans	8,537,578	8,813,744	8,537,578	8,813,744
Non-housing loans	0	0	0	0
Deferred Income	0	0	0	0
	<u>8,537,578</u>	<u>8,813,744</u>	<u>8,537,578</u>	<u>8,813,744</u>

Included within housing loans is £84,750 of monies held on behalf of sharing owners who participated in the shared equity property.

17(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		Company	
	2015	2014	2015	2014
	£	£	£	£
In one year or less (note 16)	250,190	70,385	250,190	70,385
Between one and two years	546,645	174,444	546,645	174,444
Between two and five years	1,639,932	1,459,882	1,639,932	1,459,882
In five years or more	6,351,001	7,179,418	6,351,001	7,179,418
	<u>8,787,768</u>	<u>8,884,129</u>	<u>8,787,768</u>	<u>8,884,129</u>

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Deferred taxation	16,662	17,662	0	0
Retirement benefit scheme deficit	426,000	178,000	426,000	178,000
	<u>442,662</u>	<u>195,662</u>	<u>426,000</u>	<u>178,000</u>

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For the year ended 31 March 2015

19. SHARE CAPITAL	2015	2014
	£	£
Shares of £1 each fully paid and issued:		
At start of year	388	416
Shares issued during year	19	6
Shares forfeited during year	(30)	(34)
At end of year	377	388
Forfeited shares:		
At start of year	869	834
Transferred from share capital during year	25	35
At end of year	894	869
Total share capital:		
At start of year	1,257	1,250
At end of year	1,271	1,257

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. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

20(a). DESIGNATED RESERVES

GROUP	Reserve for future major works to properties	Reserve for future cyclical maintenance properties	Reserve for future replacement of assets	2015 Total
	£	£	£	£
At start of year	5,851,694	0	664,405	6,516,099
Transfer from income and expenditure account	380,706	0	32,620	413,326
Transfer to restricted reserves	0	0	0	0
At end of year	6,232,400	0	697,025	6,929,425

20(b). DESIGNATED RESERVES

COMPANY	Reserve for future major works to properties	Reserve for future cyclical maintenance properties	Reserve for future replacement of assets	2015 Total
	£	£	£	£
At start of year	5,239,274	0	571,751	5,811,025
Transfer from income and expenditure account	338,663	0	32,620	371,283
Transfer to revenue reserves	0	0	0	0
At end of year	5,577,937	0	604,371	6,182,308

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For the year ended 31 March 2015

	Group		Company	
21. RESTRICTED RESERVES	2015	2014	2015	2014
	£	£	£	£
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

	Group	Company
22. REVENUE RESERVE	2015	2015
	£	£
At beginning of year	10,777,302	10,724,009
Retained surplus for the year	779,283	740,973
Actuarial loss recognised in the retirement benefit scheme	(247,000)	(247,000)
Transfer to designated reserves	(413,326)	(371,283)
Transfer from designated reserves	0	0
Transfer to restricted reserves	0	0
At end of year	10,896,259	10,846,699

	Group	Company
23. STATEMENT OF RECONCILIATION OF MOVEMENTS IN CAPITAL EMPLOYED	2015	2015
	£	£
Opening capital employed	17,311,558	16,553,191
Shares issued during year	14	14
Retained surplus for the year	779,283	740,973
Actuarial loss recognised in the retirement benefit scheme	(247,000)	(247,000)
Closing capital employed	17,843,855	17,047,178

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**24. RECONCILIATION OF OPERATING SURPLUS TO NET CASH
INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Operating surplus	989,347	1,688,505	940,441	1,472,140
Depreciation charges	1,350,400	1,331,835	1,333,157	1,315,482
Release of negative goodwill	(110,364)	(83,850)	(110,364)	(83,850)
Decrease / (increase) in stock	658	(2,015)	658	(2,015)
Decrease / (increase) in debtors	1,066,000	(1,372,599)	1,283,250	(1,371,695)
(Decrease) / increase in creditors	(294,941)	122,377	(352,449)	220,556
FRS 17 salary adjustment	1,000	4,000	1,000	4,000
Net cash inflow from operating activities	3,002,100	1,688,253	3,095,693	1,554,618

**25. RECONCILIATION OF NET CASH FLOW
TO MOVEMENT IN (DEBT) / NET FUNDS**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Increase / (decrease) in cash during the year	(394,106)	2,180,539	(529,102)	2,047,062
Loan advances received	0	(5,000,000)	0	(5,000,000)
Loan principal repayments	96,361	164,876	96,361	164,876
Change in (debt) / net funds	(297,745)	(2,654,585)	(432,741)	(2,788,062)
Debt at start of year	(4,483,878)	(1,829,293)	(4,966,248)	(2,178,186)
Debt at end of year	(4,781,623)	(4,483,878)	(5,398,989)	(4,966,248)

26(a). ANALYSIS OF CHANGES IN (DEBT) / NET FUNDS

GROUP	2014	Cash flows	Other changes	2015
	£	£	£	£
Cash at bank and in hand	4,835,830	155,463	0	4,991,293
Bank overdrafts	(435,579)	(549,569)	0	(985,148)
	4,400,251	(394,106)	0	4,006,145
Debt due within one year	(70,385)	70,385	(250,190)	(250,190)
Debt due after one year	(8,813,744)	25,976	250,190	(8,537,578)
	(4,483,878)	(297,745)	0	(4,781,623)

26(b). ANALYSIS OF CHANGES IN (DEBT) / NET FUNDS

COMPANY	2014	Cash flows	Other changes	2015
	£	£	£	£
Cash at bank and in hand	4,353,460	8,712	0	4,362,172
Bank overdrafts	(435,579)	(537,814)	0	(973,393)
	3,917,881	(529,102)	0	3,388,779
Debt due within one year	(70,385)	70,385	(250,190)	(250,190)
Debt due after one year	(8,813,744)	25,976	250,190	(8,537,578)
	(4,966,248)	(432,741)	0	(5,398,989)

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27. PENSION COSTS

Govanhill Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme').

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

The Scheme offers six benefit structures to employers, namely:

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

An employer can elect to operate different defined benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months prior notice.

Govanhill Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit option for active and new members as at 31 March 2015.

During the accounting period Govanhill Housing Association Limited paid contributions at the rate of 12.3% of pensionable salaries. Member contributions were paid at a rate of 12.3%.

As at the balance sheet date there were 40 active members of the Scheme employed by Govanhill Housing Association Limited. The annual pensionable payroll in respect of these members was £1,254,296.

Govanhill Housing Association Limited continues to offer membership of the Scheme to its employees.

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27. PENSION COSTS (continued)

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2012 Valuation Assumptions	% p.a.
Investment return <i>pre</i> retirement	5.3
Investment return <i>post</i> retirement - Non-pensioners	3.4
Investment return <i>post</i> retirement – Pensioners	3.4
Rate of salary increases	4.1
Rate of pension increases	
- Pension accrued <i>pre</i> 6 April 2005 in excess of GMP	2.0
- Pension accrued <i>post</i> 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

Mortality Tables	
Non-pensioners	44% of SIPMA (males) and SIPFA (females) projected using CMI_2011 with a long term improvement 1.50% p.a. for males and 1.25% p.a. improvement for females.
Pensioners	90% of SIPMA (males) and SIPFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females.

Contribution Rates for Future Service (payable from 1 April 2014)	%
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

Additional deficit contributions are payable from 1 April 2015 and will be increasing by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

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 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 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.

Govanhill Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for Govanhill Housing Association Limited was £9,154,538.

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27. PENSION COSTS (continued)

Govanhill Housing Association Limited participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the 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 Plan or by the purchase of an annuity.

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

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the 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 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 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.

Govanhill Housing Association Limited paid contributions at the rate of 0% during the accounting period. Members paid contributions at the rate of 33% during the accounting period.

As at the balance sheet date there was 1 active member of the Plan employed by Govanhill Housing Association Limited. Govanhill Housing Association Limited continues to offer membership of the 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 Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

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27. PENSION COSTS (continued)

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Rate of price inflation (RPI)	2.9
Rate of price inflation (CPI)	2.4

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 is currently finalising the 2014 valuation and results will be communicated in due course. At 30 September 2013, the market value of the Plan's assets was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

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

The Pensions 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 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

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 Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the 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 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 Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, 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.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

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27. PENSION COSTS (continued)

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan.

Govanhill Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for Govanhill Housing Association was £39,788

Strathclyde Pension Fund

As a result of second stage transfer, 7 employees were transferred from Glasgow Housing Association Limited to Govanhill Housing Association Limited on 31 January 2011. Of these 7 employees, 5 are members of the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their FRS 17 calculations are as follows:

Assumptions as at:	31 March 2015
Pension increase rate	2.4%
Salary increases	4.3%
Expected return on assets	3.2%
Discount rate	3.2%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% p.a. for males and a 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.1 years	23.6 years
Future pensioners	24.8 years	26.2 years

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27. PENSION COSTS (continued)

Scheme Assets

The assets in the scheme and the expected rate of return were:

	Long term rate of return 31 March 2015	Value at 31 March 2015 £
Equities	3.2%	798,000
Bonds	3.2%	138,000
Property	3.2%	117,000
Cash	3.2%	11,000
Total		1,064,000
 Present value of scheme liabilities		 (1,132,000)
 Net pension liability		 (68,000)

Reconciliation of defined benefit obligation

Year ended:	31 March 2015 £
Opening defined benefit obligation	1,132,000
Current service cost	41,000
Interest cost	49,000
Contributions by members	9,000
Actuarial losses / (gains)	315,000
Past service costs / (gains)	-
Liabilities extinguished on settlements	-
Liabilities assumed in a business combination	-
Exchange differences	-
Estimated unfunded benefits paid	-
Estimated benefits paid	(56,000)
Closing defined benefit obligation	1,490,000

Reconciliation of fair value of employer assets

Year ended:	31 March 2015 £
Opening fair value of employer assets	954,000
Expected return on assets	57,000
Contributions by members	9,000
Contributions by the employer	32,000
Contributions in respect of unfunded benefits	-
Actuarial gains / (losses)	68,000
Assets distributed on settlements	-
Assets acquired in a business combination	-
Exchange differences	-
Estimated unfunded benefits paid	-
Estimated benefits paid	(56,000)
Closing fair value of employer assets	1,064,000
 Net pension liability	 (426,000)

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27. PENSION COSTS (continued)

Analysis of amounts included in Income & Expenditure Account

	2015
	£
Current service cost	41,000
Interest cost	49,000
Expected return on employers assets	(57,000)
Past service cost	-
Losses / (gains) on curtailments and settlements	-
Charge to staff costs	<u>33,000</u>

Analysis of amount recognised in Statement of Total Recognised Surpluses and Deficits

	2015
	£
Actuarial gain recognised in statement of recognised surpluses and deficits	<u>247,000</u>

During the accounting period Govanhill Housing Association Limited paid contributions at the rate of 19.4% of pensionable salaries. Member contributions were paid at a rate of between 5.8% and 6.8%.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2015

28. CAPITAL COMMITMENTS

	Group 2015 £	2014 £	Company 2015 £	2014 £
<i>Expenditure contracted less certified</i>	<u>1,680,000</u>	<u>525,000</u>	<u>1,680,000</u>	<u>240,000</u>
<i>Funded by:</i>				
<i>Social Housing Grant</i>	512,000	0	512,000	0
<i>Other grants and contributions</i>	65,000	360,000	65,000	75,000
<i>Reserves</i>	<u>1,103,000</u>	<u>165,000</u>	<u>1,103,000</u>	<u>165,000</u>
	<u>1,680,000</u>	<u>525,000</u>	<u>1,680,000</u>	<u>240,000</u>
 <i>Expenditure authorised by the management committee not contracted for</i>				
	<u>7,402,000</u>	<u>9,052,000</u>	<u>7,402,000</u>	<u>8,380,000</u>
 <i>Funded by:</i>				
<i>Social Housing Grant</i>	2,940,000	2,032,000	2,940,000	1,390,000
<i>Other grants and contributions</i>	405,000	925,000	405,000	895,000
<i>Reserves</i>	<u>4,057,000</u>	<u>6,095,000</u>	<u>4,057,000</u>	<u>6,095,000</u>
	<u>7,402,000</u>	<u>9,052,000</u>	<u>7,402,000</u>	<u>8,380,000</u>

Included within capital commitments is both capital and revenue expenditure contracted for at 31 March 2015.

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.