

**NEW GORBALS HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**Registered Housing Association No.: HAL211**

**Financial Conduct Authority No.: 2309S**

**Charity No.: SC041164**

**BAKER TILLY UK AUDIT LLP**  
**Chartered Accountants**

**Glasgow**

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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### **Registration Particulars:**

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number: 2309S
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number: HAL211
Office of Scottish Charity Regulator	Charities and Trustee Investment (Scotland) Act 2005 Scottish Charity Number: SC041164

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2015

The Committee of Management present their 23<sup>rd</sup> Annual Report together with the audited accounts for the year ended 31 March 2015.

### Principal Activity

The principal activity of the Association is the provision of social housing:

- to improve the quality of the housing and management service for the people of the Gorbals area;
- to consolidate tenant control and involvement in the Association;
- to contribute to meeting the needs of people living in the Gorbals area;
- to provide housing at affordable and sustainable rent levels; and
- to develop through conversions and new buildings other types of housing such as those for the elderly and single people, and for those seeking low cost home ownership.

### Review

2014/15 was a year of progress and change for our Association, and a year in which we reached new milestones and started on new initiatives.

Physical development and housebuilding are always the most obvious and dramatic indicators of progress and our new build at Laurieston is our biggest and best so far. With over 200 units, this scheme was the biggest ever grant funded social housing project in Scotland and, as it has been awarded all of the four most prestigious annual design awards (Scottish Design, Saltire, RIAS and RIBA), we feel that we can call it the best.

Also, there was the added boost of the project taking us to the 1,000 completed new build milestone, another major achievement for the Association.

Of the rest of our achievements in development, the completion of the 1,700 home window replacement programme and securing funding to put gas combi boilers into our three tracoba blocks at Silverfir Court (96 flats) and Gas District Heating into the four Riverside High Rise (308 flats) is the most important. In some ways it is our biggest ever achievement as it will massively reduce fuel bills for nearly 2,000 Gorbals residents and make life that bit more affordable for them.

Our Housing Management Section's big challenge was the letting of so many flats (nearly 400 in total) while continuing to review our waiting list, operate the new "Housing Options" system and cope with the day to day requirements of tenants and applicants. The challenge was met and our housing management performance was maintained at a good level throughout the year. Our Maintenance Section were also very busy with the cyclical painting and disabled adaptations programmes, and they too maintained their performance levels in all of the key areas of planned and day to day repairs.

In addition to all of this core work, we have begun dedicating increased resources to the "Thriving Places" initiative. Slowly but surely, we are getting the funding, systems and support in place to begin to make a real difference through community engagement and development in collaboration with voluntary sector and public sector partners. Our commitment to the regeneration of the Gorbals extends beyond bricks and mortar and property management services. These are our "bread and butter" but the regeneration and development of the Gorbals' community in a wider sense is a core objective and one to which we will dedicate as much of our resources to when we can.

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2015 (Continued)

### Turnover

Turnover of £13,439,489 (2014 £10,328,158) relates to the income from the letting of properties at affordable rents and the provision of factoring services.

### Financing and Liquidity

During the year further loans of £6,100,000 (2014: £nil) were drawn down. Under the terms of the financing agreement, there are a number of financial and operational covenants that limit the Association's operating and financial flexibility. A failure to comply with any of these covenants could result in default under the agreement and an acceleration of repayment of the debt outstanding.

### Treasury Management

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

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2015 £29,254,464 (82.7%) (2014 £23,207,672 (77.68%)) of borrowings were subject to fixed rates of interest in excess of two years.

### Transfers to Designated Resources

The results for the year are shown in the Income and Expenditure Account on page 10.

### Members of Committee of Management

The Members of the Committee of the Association during the year to 2015 were as follows:

(Chairperson)	R. Shannon	(Member)	R. Murray (joined Sept 14)
(Vice Chairperson)	K. Adams-Mackenzie	(Member)	I. McCreddie (joined Sept 14)
(Secretary)	J. Miller	(Member)	A. Graham (passed away June 14)
(Member)	S. Cameron	(Member)	G. McFadyen (resigned Sept 14)
(Member)	E. Peden		
(Member)	T. Smart		
(Member)	W. Sharkey		
(Member)	A. Reilly		
(Member)	E. Bradley		
(Member)	S. Mandaniya		
(Member)	L. Malone		
(Member)	D. Denham		

# **NEW GORBALS HOUSING ASSOCIATION LIMITED**

## **REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2015 (Continued)**

### **Fixed Assets**

Changes in fixed assets in the year are set out in notes 7 and 8 of the financial statements.

### **Future Developments**

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

### **Credit Payment Policy**

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The Association's standard payment terms are 30 days.

### **Estate Maintenance**

The Association acts as factor to over one thousand owner-occupiers in the Gorbals area. Accounts are issued each year to recover the costs of common maintenance.

### **Maintenance Policies**

The Association seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure Account.

In addition the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. In line with the SORP 2010, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other major repairs are charged to the Income and Expenditure account.

### **Employee Involvement and Health & Safety**

The Association encourages employee involvement in all major initiatives.

### **Quality and Integrity of Personnel**

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2015 (Continued)

### Going Concern

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

### Budgetary Process

Each year the Committee of Management approves the annual budget and rolling three-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

### Rental income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The point's value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the Housing Movement.

### Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

### Information for auditors

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

### Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office as auditors to the Association.

On behalf of the Committee of Management

187 Crown Street  
Gorbals  
Glasgow



Secretary

Date: 12/18/15

# **NEW GORBALS HOUSING ASSOCIATION LIMITED**

## **STATEMENT OF COMMITTEE RESPONSIBILITIES**

**31 MARCH 2015**

The Committee of Management is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under the legislation relating to Co-operative and Community Benefit Societies the Committee of Management are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association of that period. In preparing those financial statements the Committee of Management are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the RSL SORP;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee of Management is also responsible for:

- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the RSL and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012;
- safeguarding the Association's assets; and
- taking reasonable steps for the prevention and detection of fraud.

# **NEW GORBALS HOUSING ASSOCIATION LIMITED**

## **COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL**

**31 MARCH 2015**

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

- the reliability of financial information used within the Association or for publication;
- the proper authorisation and recording of transactions;
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

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

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures from the Committee of Management members.
- the Committee of Management reviews reports from their director, and staff and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.



**NEW GORBALS HOUSING ASSOCIATION LIMITED**

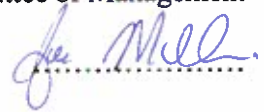
**COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL**

**31 MARCH 2015**

**(Continued)**

The Committee of Management have implemented a system of internal financial control in the Association during the year ended 31 March 2015. This was reviewed between the year-end and the below date. The proper implementation of this will ensure that there are no weaknesses in internal financial controls, which could result in material losses, contingencies, or uncertainties, which require disclosure in the financial statements, or in the auditors' report on the financial statements.

By order of the Committee of Management



Date: ...*31/3/15*.....

**NEW GORBALS HOUSING ASSOCIATION LIMITED**

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF**

**NEW GORBALS HOUSING ASSOCIATION LIMITED**

**ON INTERNAL FINANCIAL CONTROLS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 6 and 7 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 through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. 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 pages 6 and 7 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.

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
Breckenridge House  
274 Sauchiehall Street  
Glasgow  
G2 3EH

Date: *17/2/15*

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## AUDITORS' REPORT TO THE MEMBERS OF

### NEW GORBALS HOUSING ASSOCIATION LIMITED

We have audited the financial statements of New Gorbals Housing Association for the year ended 31 March 2015 on pages 10 to 32. 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 Part 7 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 the Committee and auditor**

As explained more fully in the Committee's Responsibilities Statement set out on page 5, the Committee are 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

#### **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 Determination of Accounting Requirements – April 2012.

#### **Matters 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.

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP

Statutory Auditor

Chartered Accountants

Breckenridge House

274 Sauchiehall Street

Glasgow

G2 3EH

Date: 17/5/15

**NEW GORBALS HOUSING ASSOCIATION LIMITED**

**INCOME & EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2015 £	2014 £
<b>Turnover</b>	2	13,439,489	10,533,083
Less: Operating costs	2	<u>(12,006,640)</u>	<u>(8,867,336)</u>
<b>Operating Surplus</b>	2	1,432,849	1,665,747
Gain on sale of fixed assets		96,911	83,643
Interest receivable		77,412	407,529
Interest payable	4	<u>(975,253)</u>	<u>(1,249,169)</u>
<b>Surplus on ordinary activities before tax</b>		631,919	907,750
Taxation on surplus on ordinary activities	5	-	-
<b>Surplus for year after tax</b>	17	<u>631,919</u>	<u>907,750</u>

The results for 2014 and 2015 relate wholly to continuing activities.

**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE  
YEAR ENDING 31 MARCH 2015**

	2015 £	2014 £
Surplus for the year	631,919	907,750
Actuarial loss on pension scheme (note 13)	<u>(398,000)</u>	<u>(192,000)</u>
Total surpluses and deficits recognised since last reporting period	<u>233,919</u>	<u>715,750</u>

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	2015	2014
		£	£
<b>Tangible Fixed Assets</b>			
Housing properties			
- gross cost less depreciation	7	123,438,541	114,661,595
SHG and other grants	7	<u>(80,966,260)</u>	<u>(79,722,292)</u>
		42,472,281	34,939,303
Other fixed assets	8	<u>1,114,180</u>	<u>999,043</u>
		<u>43,586,461</u>	<u>35,938,346</u>
<b>Current Assets</b>			
Debtors	9	9,645,196	1,824,308
Cash at hand and in Bank		<u>7,067,592</u>	<u>16,839,193</u>
		16,712,788	18,663,501
<b>Current Liabilities</b>			
Creditors due within one year	10	<u>(4,152,317)</u>	<u>(4,381,212)</u>
<b>Net current assets</b>		<u>12,560,471</u>	<u>14,282,289</u>
<b>Total assets less current liabilities</b>		56,146,932	50,220,635
Creditors due after more than one year	11	(34,787,511)	(29,516,136)
Pension liability	13	<u>(1,067,000)</u>	<u>(646,000)</u>
<b>Net Assets</b>		<u>20,292,421</u>	<u>20,058,499</u>
<b>Capital and Reserves</b>			
Share capital	16	161	171
Designated reserves	6	18,504,128	18,504,128
Revenue reserve	17	1,788,132	1,554,200
		<u>20,292,421</u>	<u>20,058,499</u>
<b>Total shareholders' funds</b>		<u>20,292,421</u>	<u>20,058,499</u>

These financial statements were approved by the Committee of Management and authorised for issue on 10/04/15..... and signed on their behalf by:

Secretary:

*for Mills*

Member:

*Reginald Shannon*

Member:

*Justin Adams - Mackenzie*

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## CASH FLOW STATEMENT

YEAR TO 31 MARCH 2015

	2015	2014
	£	£
<b>Net cash (outflow)/inflow from operating activities</b>	(4,197,787)	13,555,466
<b>Returns on investments and servicing of finance</b>		
Interest received	77,412	407,529
Interest paid out	(975,253)	(1,249,169)
<b>Net cash outflow from returns on investments and servicing of finance</b>	(897,841)	(841,640)
<b>Investing activities</b>		
Proceeds of Disposal	134,756	11,065
Payments to acquire housing properties	(10,587,756)	(20,027,989)
Purchase of other fixed assets	(185,057)	(166,647)
HAG and other grants received	1,881,121	7,286,690
<b>Net cash outflow from investing activities</b>	(8,756,936)	(12,896,881)
<b>Net cash (outflow)/inflow before financing</b>	(13,852,564)	(183,055)
<b>Financing</b>		
Issue of share capital	3	9
Loans repaid	(556,175)	(322,583)
Loans received	6,100,000	-
<b>Net cash (outflow)/inflow from financing</b>	5,543,828	(322,574)
<b>(Decrease)/Increase in cash</b>	(8,308,736)	(505,629)

Further details are given in note 18.

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

### 1. Principal Accounting Policies

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Financial Conduct Authority. The accounts have been prepared in compliance with The Determination of Accounting Requirements – April 2012 and The Statement of Recommended Practice (SORP), “Accounting by Registered Social Housing Providers Update 2010” and applicable Accounting Standards.

#### a) Basis of Preparation

The accounts are prepared under the historical cost convention and on a going concern basis.

#### b) Turnover

Turnover relates to the income from the letting of properties at affordable rents, and the supply of factoring services.

#### c) Fixed assets – Housing land and buildings

Properties included in housing properties are stated at cost, less social housing and other grants less accumulated depreciation. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed “qualifying costs” by the grant awarding body for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association’s reserves.

Shared ownership properties are included in housing properties at cost, less any provisions needed for depreciation or impairment.

All invoices and architects’ certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs, including salaries, are capitalised to the extent that they are attributable to specific schemes and where such costs are not felt to be excessive.

Works to existing properties will generally be capitalised under the following circumstances:

Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored, or

Where a subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

### c) Fixed assets – Housing land and buildings (cont)

If expenditure does not qualify for HAG, it is nevertheless capitalised.

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

Interest on the loan financing the development is capitalised up to the relevant date of completion.

### d) Housing Association Grants

Housing Association Grants (HAG) are used to reduce the bank loan in respect of an approved scheme. The amount of HAG is calculated on the qualifying cost of the scheme in accordance with instructions issued by the grant awarding body. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate.

### e) Depreciation

#### Housing Land and Buildings

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows;

Land	Not depreciated
Structure	Over 50 years
Windows	Over 45 years
Central heating – pipework	Over 45 years
Roof	Over 40 years
Lifts	Over 30 years
Bathroom	Over 25 years
District Boilers	Over 20 years
Electric Heating	Over 15 years
Boilers	Over 15 years
Kitchens	Over 15 years
Overbath Shower	Over 7 years

#### Other Fixed Assets

A full year's depreciation is charged in the year of acquisition but no charge is made in the year of disposal. Depreciation is charged at rates estimated to write off costs less the estimated residual value over the expected useful life, as follows:

Office Premises	- 2% Reducing Balance
Furniture and Fittings & equipment	- 25% straight line



# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

**f) Impairment of fixed assets**

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net recognised value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the income and expenditure account.

**g) Major Repairs Reserve**

Accrued major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set aside in a designated reserve.

**h) Cyclical Maintenance Reserve**

The reserve is based on the Associations' Liability to maintain the housing properties in accordance with a planned program of works.

**i) Pension**

The Association participates in the centralised Scottish Federation of Housing Association's (SHAPs) defined benefits pension scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made to the independently administered Pensions Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

The Association, as a result of staff transferring during the GHA stock transfer, is now an admitted member of Strathclyde Pension Fund (SPF). The basis of admittance is that of a closed scheme and only transferred employees who already are or wish to join can be a member of this scheme. Retirement benefits to these employees are funded by the contributions from all participating employers and employees in the Fund. Payments are made to the independently administered Fund in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating member employers. As a closed scheme a slightly higher calculated rate is payable by the Association to reflect the limited future membership of the scheme.

The Association has fully adopted accounting standard FRS17 'Retirement Benefits' for the SPF Scheme. The impact of this standard has been reflected throughout the financial statements.

The SPF Scheme is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method.

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

### i) Pension (cont.)

For defined benefit schemes the amount charged to the Income and Expenditure account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Defined benefit schemes are funded, with the assets held separately from the company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency.

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

A reserve equal to the amount of any pension liability is established.

### j) Apportionment of Management Expenses

Direct employee administration and operating costs have been apportioned to the income and expenditure account cost centres on the basis of the time spent by the staff that are directly engaged in each of the operations dealt with in those accounts.

### k) Allocation of Owner Occupier Income

Monies charged and received from owner-occupiers for common feu maintenance is credited into the income and expenditure account within the accounting period in which it is charged.

### l) Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the Statement of Recommended Practice.

Disposals under shared equity schemes are accounted for in the income and expenditure account. The remaining equity in properties sold before 1 April 2008 is treated as a fixed asset investment, which is matched with the grant received. For properties sold after 1 April 2008 the standard security over the remaining equity lies with the Scottish Government and is therefore not reflected in the Association's balance sheet.

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

m) **Value added tax**

The Association is VAT registered. However, a large proportion of the Association's income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

n) **Stock**

Stock represents new sums spent to date on shared equity properties. No element of profit is included in the valuation of stock.

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

	Note	Turnover £	Operating Costs £	Operating (Deficit)/ Surplus £	2014 Total £
Social lettings	3a	9,724,398	8,532,560	1,191,838	1,465,999
Other Activities	3b	<u>3,715,091</u>	<u>3,474,080</u>	<u>241,011</u>	<u>199,748</u>
		<u>13,439,489</u>	<u>12,006,640</u>	<u>1,432,849</u>	<u>1,665,747</u>
2014		<u>10,533,083</u>	<u>(8,867,336)</u>	<u>1,665,747</u>	

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (Continued)

### 3a. Particulars of income and expenditure from lettings

	General Needs Housing £	Supported Housing £	Shared Ownership £	2015 Total £	2014 Total £
<b>Income from lettings</b>					
Rent receivable net of identifiable service charges	9,040,509	285,588	38,515	9,364,612	8,889,528
Service Charges	348,611	59,982	6,664	415,257	397,104
Gross income from rents and service charges	9,389,120	345,570	45,179	9,779,869	9,286,632
Less: Voids	(52,306)	(3,166)	-	(55,472)	(67,897)
	9,336,814	342,404	45,179	9,724,397	9,218,735
Grants from the Scottish Ministers	-	-	-	-	-
<b>Total Income from Social Letting Activities</b>	<b>9,336,814</b>	<b>342,404</b>	<b>45,179</b>	<b>9,724,397</b>	<b>9,218,735</b>
<b>Expenditure on Letting Activities</b>					
Service costs	1,870,462	51,632	5,197	1,927,291	1,820,234
Management and maintenance administration costs	2,567,887	88,182	25,195	2,681,264	2,956,679
Planned and cyclical maintenance including major repair costs	1,013,857	46,737	-	1,060,594	637,923
Reactive maintenance costs	1,655,076	68,961	-	1,724,037	1,639,578
Bad debts – rents and service charges	8,180	-	-	8,180	13,781
Depreciation of social housing	1,072,909	44,705	13,579	1,131,193	684,541
<b>Operating costs for social letting activities</b>	<b>8,188,371</b>	<b>300,217</b>	<b>43,971</b>	<b>8,532,559</b>	<b>7,752,736</b>
<b>Operating Surplus/(Deficit) for social letting</b>	<b>1,148,443</b>	<b>42,187</b>	<b>1,208</b>	<b>1,191,838</b>	<b>1,465,999</b>
<b>Operating Deficit for social letting – 2014</b>	<b>1,392,023</b>	<b>78,283</b>	<b>(4,307)</b>	<b>1,465,999</b>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £Nil (2014 - £nil).

**NEW GORBALS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2015**

(Continued)

**3b Particulars of turnover, operating costs and operating surplus or deficit from other activities**

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Wider Action/wider role	-	-	-	66,800	66,800	-	(9,637)	57,163	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	1,027,558	1,027,558	(7,022)	(967,116)	53,420	8,497
Development activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency services for RSLs	-	-	-	38,354	38,354	-	(35,710)	2,644	-
Other agency/management services	-	-	-	2,438,744	2,438,744	-	(2,438,744)	-	121,138
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non Registered social landlords, (including first tranche shared ownership sales)	-	-	-	-	-	-	-	-	71,030
Commercial Rents	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	57,367	57,367	-	(12,644)	44,723	-
<b>Total from other activities</b>	-	-	-	<b>3,715,091</b>	<b>3,715,091</b>	<b>(7,022)</b>	<b>(3,467,058)</b>	<b>241,011</b>	<b>199,748</b>
2014	-	-	-	1,314,348	1,314,348	(1,763)	(1,111,941)	199,748	-

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

### 4. Interest payable

	2015	2014
	£	£
Total interest incurred	1,235,253	1,249,169
Less: Capitalised Interest	(260,000)	-
	975,253	1,249,169

### 5. Taxation

The Association gained charitable status in the year ending 31 March 2010 and is no longer liable for tax on its ordinary activities.

### 6. Designated Reserves

	Opening Balance	Transfer from Revenue Reserve	Closing Balance
	£	£	£
Major Repair Reserve	18,252,688	-	18,252,688
Cyclical and current maintenance reserve	251,440	-	251,440
	18,504,128	-	18,504,128

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

### 7. Tangible Assets – Housing properties

	Housing Properties held for letting £	Shared Ownership Properties £	Housing Properties under Construction	Total £
<b>Cost</b>				
At 1 April 2014	93,029,140	1,784,388	25,618,090	120,431,618
Additions during the year	1,672,205	-	8,915,551	10,587,756
Disposals	(729,538)	-	-	(729,538)
Transfers	26,161,582	-	(26,161,582)	-
At 31 March 2015	<u>120,133,389</u>	<u>1,784,388</u>	<u>8,372,059</u>	<u>130,289,836</u>
<b>Depreciation</b>				
At 1 April 2014	5,602,508	167,515	-	5,770,023
Provided during the year	1,117,614	13,579	-	1,131,193
Disposals	(49,921)	-	-	(49,921)
At 31 March 2015	<u>6,670,201</u>	<u>181,094</u>	<u>-</u>	<u>6,851,295</u>
<b>Cost less depreciation</b>	<u>113,463,188</u>	<u>1,603,294</u>	<u>8,372,059</u>	<u>123,438,541</u>
<b>Grants</b>				
At 1 April 2014	62,545,603	1,141,591	16,035,098	79,722,292
Additions during the year	430,497	-	1,450,624	1,881,121
Disposals	(637,153)	-	-	(637,153)
Transfers	14,902,412	-	(14,902,412)	-
At 31 March 2015	<u>77,241,359</u>	<u>1,141,591</u>	<u>2,583,310</u>	<u>80,966,260</u>
<b>Net Book Value</b>				
As at 31 March 2015	<u>36,221,829</u>	<u>461,703</u>	<u>5,788,749</u>	<u>42,472,281</u>
As at 31 March 2014	<u>24,881,029</u>	<u>475,282</u>	<u>9,582,992</u>	<u>34,939,303</u>

None of the Associations properties is held under a lease.

The Association would not be able to sell its properties without the repayment of Social Housing Grant.

Total major repair costs during the year were £1,838,631 (2014: £6,548,852), of which £1,672,205 (2014: £6,326,577) was recognised. Of the amount recognised £1,672,205 (2014: £5,761,381) related to replacement of components and £nil (2014: £787,460) related to improvements, with a number of these contracts still ongoing.

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**AS AT 31 MARCH 2015**  
**(Continued)**

### 8. Other Fixed Assets

	Office premises £	Furniture, fittings and office equipment £	Total £
<b>Cost</b>			
At 1 April 2014	1,066,117	646,188	1,712,305
Additions during the year	145,695	39,362	185,057
At 31 March 2015	<u>1,211,812</u>	<u>685,550</u>	<u>1,897,362</u>
<b>Depreciation</b>			
At 1 April 2014	160,888	552,374	713,262
Provided during the year	21,018	48,902	69,920
At 31 March 2015	<u>181,906</u>	<u>601,276</u>	<u>783,182</u>
<b>Net Book Value</b>			
As at 31 March 2015	<u>1,029,906</u>	<u>84,274</u>	<u>1,114,180</u>
As at 31 March 2014	<u>905,229</u>	<u>93,814</u>	<u>999,043</u>

There are no fixed assets held under lease agreements.

### 9. Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Gross rents arrears	1,031,423	813,359
Less: bad debt provision	(180,573)	(161,914)
	<u>850,850</u>	<u>651,445</u>
Prepayments and accrued income	273,569	40,437
Other debtors	8,520,777	1,132,426
	<u>9,645,196</u>	<u>1,824,308</u>



# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

	2015 £	2014 £
<b>10. Creditors due within one year</b>		
Bank overdraft	-	1,462,865
Loans (note 11)	567,533	557,664
Trade creditors	2,193,196	535,384
Accruals and deferred income	52,848	517,734
Other taxation and social security	50,743	48,401
Rents in advance	160,764	115,513
Other creditors	735,819	310,823
Capital works and retentions	391,414	832,828
	<u>4,152,317</u>	<u>4,381,212</u>

	2015 £	2014 £
<b>11. Creditors due after more than one year</b>		
Loans	34,787,511	29,253,556
Deferred income	-	262,580
	<u>34,787,511</u>	<u>29,516,136</u>

Loans are secured by specific charges on the Association's properties at varying rates of interest ranging from 1.57% to 6.72% (2014: 1.54% to 6.72%).

In one year or less (note 10)	567,533	557,664
Between one and two years	582,866	572,510
Between two and five years	1,702,600	1,672,991
In five years or more	32,502,046	27,008,055
	<u>35,355,045</u>	<u>29,811,220</u>

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

### 12. Employees

	2015	2014
Staff costs during year	£	£
Wages and salaries	2,014,798	1,960,462
Social security costs	176,426	171,538
Other pension costs	317,539	232,347
	<u>2,508,763</u>	<u>2,364,347</u>

The average full time number of persons employed by the Association during the year were as follows:

	No	No
Housing/Administrative and Finance Staff	<u>59</u>	<u>57</u>

The Directors are defined as the members of the Committee of Management, the Housing Association Director and any other person reporting directly to the Housing Association Director or the Committee of Management whose total emoluments exceed £60,000 per year.

	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	<u>307,623</u>	<u>294,428</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>76,304</u>	<u>74,588</u>

The emoluments of the directors whose emoluments, including pension contributions, were over £60,000

	2015	2014
	No	No
£60,001 to £70,000	3	4
£70,001 to £80,000	2	2
£80,001 to £90,000	1	-

The Director is an ordinary member of the Association's pension scheme described in note 14. No enhanced or special terms apply to memberships and he has no other pension arrangements to which the Association contribute. The Association's contributions for the Director in the year amounted to £9,385 (2014 - £7,160).

Total expenses reimbursed insofar as not chargeable to UK Income Tax

- Director	-	-
- Committee of Management	<u>-</u>	<u>-</u>

No member of the Committee of Management received any emoluments in respect of their services to the Association.

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

### 13. Pension Fund – Scottish Housing Associations Pension Scheme

New Gorbals Housing Association participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2014. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

The Employer Debt Regulations were introduced in September 2005 following a change in legislation. This legislation was revised in the Occupational Pension Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2008 (SI 2008/731) ('the Regulations') which came into force on 6 April 2008.

An employer debt will arise if one of the following events occurs at a time when the Scheme is not fully funded on a buy-out basis:

- a. The commencement of winding up of the Scheme.
- b. An employer becomes insolvent.
- c. An Employer Cessation Event.

An Employer Cessation Event occurs when an employer ceases to participate in the Scheme, i.e. it no longer has any active members in the Scheme at a point in time when there is at least one other employer that continues to employ active members in the Scheme.

The 2008 Regulations tighten the definition of an Employer Cessation Event. However, it remains the case that an employer will not be deemed to have withdrawn from the Scheme (and hence will not be liable for a debt on withdrawal) provided that it continues to employ at least one person who is an active member of the Scheme.

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

The Scheme Actuary has calculated the employer debt that would have been payable if your organisation had withdrawn from the Scottish Housing Associations' Pension Scheme as at 30 September 2014.

The suggested Pension Obligations Disclosure Note includes conditional paragraphs. The appropriate choice of paragraph for each employer will depend on the accounting treatment adopted by the employer, in particular whether or not a provision is made for the employer debt.

Under FRS17 an employer should only provide in the balance sheet for the potential debt on withdrawal if it was demonstrably committed as at the balance sheet date to an event that would make the liability crystallise. For example, if an employer had made the decision prior to the balance sheet date to close the Scheme to future accrual at some date in the future, then this would crystallise an employer debt on the date that the Scheme was closed to future accrual (unless the Scheme was fully funded on a buy-out basis as at the date the Scheme closed to future accrual).

### Disclosure in Respect of Employer Debt

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.

New Gorbals Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for New Gorbals Housing Association was £5,452,555.

New Gorbals Housing Association has been notified by The Pension Trust that past service deficit contributions payable for the year to 31st March 2015 are £144,600 and will increase by 3% per year for the next 12.5 years. The net present value of these contributions at 31st March 2015 using a 4% discount rate is £1,701,379.

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

### 13. Pensions Fund – Strathclyde Pension Fund

Some of the Associations employees belong to the Strathclyde Pension Fund which is administered by Glasgow City Council and is a defined benefit scheme. The assets of the scheme are held separately from those of the Association in investments under the overall supervision of the Fund Trustees. The last full actuarial valuation was carried out at 31 March 2012. The next full actuarial valuation is due as at 31 March 2015. The following information was updated for FRS 17 purposes to 31 March 2012 by a qualified independent actuary

The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2015	2014
Discount rate	3.3%	4.3%
Expected rate of return on plan assets	3.3%	6.0%
Future salary increases	4.4%	5.2%
Inflation	2.5%	2.9%

In valuing the liabilities of the pension fund at 31 March 2012, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.1 years (male), 23.6 years (female)
- Future retiree upon reaching 65: 24.8 years (male), 26.2 years (female).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

**The present value of the defined benefit obligation is as follows:**

Defined Benefit Plans	2015 £000's	2014 £000's
Opening defined benefit obligation	2,590	2,163
Current service cost	104	88
Interest cost	114	100
Actuarial losses/(gains)	541	220
Contributions by members	24	23
Estimated benefits paid	(4)	(4)
Closing defined benefit obligation	<u>3,369</u>	<u>2,590</u>

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

### 13. Pension Fund – Strathclyde Pension Fund (continued)

#### Movements in fair value of plan assets

Defined Benefit plans	2015	2014
	£000's	£000's
Opening fair value of plan assets	1,944	1,730
Expected return on plan assets	119	92
Actuarial gains	143	28
Contributions by the employer	76	75
Contributions by the members	24	23
Estimated benefits paid	(4)	(4)
Closing fair value of plan assets	<u>2,302</u>	<u>1,944</u>

#### Expense recognised in the income and expenditure account

	2015		2014	
	£000's	% of pay	£000's	% of pay
Current service cost	104	29.9%	88	25.7%
Interest on defined benefit pension plan obligation	114	32.7%	100	29.3%
Expected return on defined benefit pension plan asset	(119)	(34.1%)	(92)	(27.0%)
	<u>99</u>	<u>28.5%</u>	<u>96</u>	<u>28%</u>
Actual return on plan assets	<u>260</u>		<u>120</u>	

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is as follows:

	2015	2014
	£000's	£000's
Opening Actuarial Gains and Losses	(452)	(260)
Increase/(Decrease) in irrecoverable surplus from membership fall and other factors	-	-
Actuarial (Losses)/Gains recognised in STRGL	(398)	(192)
Cumulative Actuarial Gains and Losses	<u>(850)</u>	<u>(452)</u>

The fair value of the plan assets and the return on those assets were as follows

	2015		2014	
	£000's	%	£000's	%
Equities	1,727	75	1,478	76
Corporate bonds	299	13	233	12
Property	253	11	136	7
Cash	23	1	97	5
	<u>2,302</u>		<u>1,944</u>	

**NEW GORBALS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2015**

**(Continued)**

**13. Pension Fund – Strathclyde Pension Fund (continued)**

**Movement in surplus during the year**

	<b>2015</b>	<b>2014</b>
	<b>£'000's</b>	<b>£'000's</b>
(Deficit) at beginning of year	(646)	(433)
Adjustment to opening deficit	-	-
Current service cost	(104)	(88)
Employer contributions	58	75
Net return on assets	23	20
Actuarial (losses)/gain	<u>(398)</u>	<u>(220)</u>
<b>(Deficit) at end of the year</b>	<u><b>(1,067)</b></u>	<u><b>(646)</b></u>

**History of experience of gains and losses**

	<b>2015</b>	<b>2014</b>
Difference between expected and actual return on scheme assets – amount £000's	143	28
- % of scheme assets	0.01%	0.00%
Experience gain/(loss) arising on scheme		
- amount £000's	(1)	(1)
- % of scheme liabilities	0.01%	0.01%
Total amount of actuarial gain/(loss)		
- amount £000's	(398)	(192)
- % of scheme liabilities	0.01%	0.01%

**The amounts recognised in the balance sheet are as follows:**

	<b>2015</b>	<b>2014</b>
	<b>£000'</b>	<b>£000's</b>
Present value of scheme liabilities	(3,369)	(2,590)
Fair value of scheme assets	2,302	1,944
<b>(Deficit)</b>	<u><b>(1,067)</b></u>	<u><b>(646)</b></u>

New Gorbals Housing Association Limited expects to contribute £70,006 (2014 - £68,808) to the Strathclyde Pension Fund in the coming year.

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

### 14. Related Parties

Tenants, sharing owners and owners who are members of the Committee of Management are not treated differently to any other tenants or owners. City Councilors who are members of the Committee of Management declare their interests relating to relevant decisions taken by the Association or the City Council.

### 15. Auditors' Remuneration

	2015	2014
	£	£
The remuneration of the auditors (including expenses and including VAT for the year)	12,600	11,664
Remuneration of the auditors in respect of services other than those of auditors- VAT	10,582	21,382
	10,582	21,382

### 16. Share Capital

	2015	2014
	£	£
Shares of £1 fully paid and issued at beginning of year	171	175
Shares issued during year	3	3
Shares cancelled during the year	(13)	(7)
	161	171

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

### 17. Revenue reserve

	2015	2014
	£	£
At 1 April		
Surplus for year	1,554,213	646,450
Actuarial loss on pension scheme	631,919	907,750
At 31 March	(398,000)	-
	1,788,132	1,554,213



# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

### 18. Notes to the Cash Flow Statement

	2015	2014		
	£	£		
(a) Reconciliation of operating surplus to net cash inflow from operating activities				
Surplus for year before taxation	631,919	907,750		
Profit on sale of fixed assets	(96,911)	65,728		
Add: Interest payable	975,253	1,249,169		
Less: Interest receivable	(77,412)	(407,529)		
	1,432,849	1,815,118		
Operating surplus for the year	1,201,113	745,900		
Depreciation	(13)	(4)		
Cancellation of share capital	(7,991,590)	10,278,726		
(Increase)/Decrease in debtors	1,159,854	244,015		
Increase/(Decrease) in creditors	-	99,253		
Increase in deferred income	-	159,458		
Decrease in stock	-	213,000		
Increase in pension liability	-	-		
Net cash (outflow)/inflow from operating activities	(4,197,787)	13,555,466		
(b) Reconciliation of net cash flow to movement in net debt				
(Decrease)/Increase in cash for the year	(8,308,736)	(505,629)		
Loans received	(6,100,000)	-		
Loan repayments	556,175	322,574		
Change in net debt	(13,852,561)	(183,055)		
Net debt as at 1 April 2014	(14,434,892)	(14,251,837)		
Net debt as at 31 March 2015	(29,158,094)	(14,434,892)		
(c) Analysis of Changes in net debt				
	<b>As at 31</b>	<b>Cash</b>	<b>Other</b>	<b>As at 31</b>
	<b>March 2014</b>	<b>Flow</b>	<b>Changes</b>	<b>March 2015</b>
	£	£	£	£
Cash at bank and in hand	16,839,193	(9,771,601)	-	7,067,592
Bank Overdrafts	(1,462,865)	1,462,865	-	-
Debt due within one year	(557,664)	(9,869)	-	(567,533)
Debt due after one year	(29,253,556)	(5,533,956)	-	(34,787,512)
	(14,434,892)	(13,959,561)	-	(28,287,453)

# NEW GORBALS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

### 19. Capital Commitments

	2015 £	2014 £
Expenditure authorised by the Committee of Management less certified	<u>7,285,571</u>	<u>13,400,000</u>

This will be funded by £4.285m of Housing Association Grant funding and £3m of private finance.

### 20. Contingent Liabilities

#### Communities Scotland Stock Transfer

Various financial provisions were incorporated in the legal documentation when the Association acquired housing stock from Communities Scotland in 2002. The Association is required to account for major repair, capital expenditure and sales of properties under the Right to Buy legislation. At 31 March 2015, the Association had not breached these provisions.

Housing Association Grant allocated to components (as detailed in Note 1 (d)) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2015 was £nil (2014: £nil).

At 31 March 2015, the Association had no other contingent liabilities (2014 - £nil).

### 21. Unit numbers

	2015 £	2014 £
General needs	2,664	2467
Supported	84	84
Shared ownership	<u>24</u>	<u>24</u>
	<u>2,772</u>	<u>2,575</u>

### 22. Commitments under Operating Lease

At 31 March 2015 the association had annual commitments under non-cancellable operating leases as set out below.

	2015		2014	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
-Within 1 year	7,000	-	10,000	-
Within 2 to 5 years	-	-	7,000	-
	<u>7,000</u>	<u>-</u>	<u>17,000</u>	<u>-</u>