

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Group Accounts

Registered Number: SP1860RS

Report and Financial Statements

For the year ended 31 March 2015

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report and Consolidated Financial Statements

For the year ended 31 March 2015

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Registration information

Financial Conduct Authority

Co-operative and Community Benefit Societies
Act 2015
Registered number SP1860RS

Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered number 172

Registered Scottish Charity

SC036434

Members, Executives and Advisers

Board of Management – elected

Margaret Glass	Chair
Marilyn Clewes	Vice Chair
David Horner	Vice Chair
Sadie Gordon	
Mohammed Razaq	
Colin Cassie	
Andrew Stewart	
Daisy Woo	Co-opted 27 January 2015
Ian Elrick	Co-opted 27 January 2015
Paul Hush	Co-opted 27 January 2015
Colin Williams	Resigned 25 November 2014
John Gray	Resigned 15 September 2014
Tam PcPhater	Resigned 27 January 2015
Dr Stephen Barr	Resigned 15 September 2014

Executive Officers

Shona Stephen	Chief Executive
Bill Brown	Director of Corporate & Community Services and Secretary
Fin McElhinney	Director of Housing and Support Services
Neil Manley	Director of Finance and Business Strategy
Louise Smith	Director of Property and Customer Services

Registered Office

45 Firhill Road
Glasgow
G20 7BE

Auditor

Scott-Moncrieff
Chartered Accountants
25 Bothwell Street
G2 6NL

Bankers

Clydesdale Bank plc
1 Woodside Crescent
Charing Cross
Glasgow
G3 7UL

Solicitors

T C Young
7 West George St
Glasgow
G2 1BA

**Report of the Board of Management
For the year ended 31 March 2015**

The Board of Management present their report and the audited financial statements for the year ended 31 March 2015.

Principal activities

The principal activities of the Group are the provision of social housing accommodation for rent, residents' property management and the rental of mid-market housing properties.

Review of operations

During the financial year the Group has continued to provide a range of housing support and community services complementary to its principal activities.

Community Development Initiatives

A wide range of community initiatives including youth work, volunteering and employment counselling, and life skills were continued during the year. A number of grants were received from the Scottish Government, under its Wider Action agenda, and other bodies to assist with the provision of these activities.

Major Repairs

The major repairs programme continued with investment in the former Scottish Homes properties which included rewiring and replacement of windows and bathrooms. The major repairs programme continued with investment in the former Scottish Homes properties and work on homes transferred from Glasgow Housing Association Limited through stock transfer on heating systems, cladding and other housing components.

Agency Work

We have also been active in providing agency services to other housing associations including property development, clerk of works services, marketing of property for sale, and general housing management.

Changes in fixed assets

Details of fixed assets are set out in note 9.

The Board of Management and executive officers

The Board of Management and executive officers of the Association are listed on page 1.

Each elected member of the Board of Management holds one fully paid share of £1 in the Association although independent members do not require to be members. The executive officers of the Association hold no interest in its share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Board of Management.

Internal Financial Controls

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

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

**Report of the Board of Management
For the year ended 31 March 2015**

Internal Financial Controls (continued)

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

- (a) 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.
- (b) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- (c) Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year. During the financial year, regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information. Significant variances from budgets are investigated as appropriate.
- (d) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committees which are comprised of Board of Management members.
- (e) The Association has appointed a firm of accountants, on a consultancy basis, as internal auditors with the specific responsibility of assessing the adequacy and reliability of the system of internal financial control. The results of such reviews are reported to the Audit Sub-Committee.
- (f) The Board of Management reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed.
- (g) Formal practices have been established for instituting appropriate action to correct weaknesses identified from the reports of the external and internal auditors.

The Board of Management have reviewed the effectiveness of the system of internal financial 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.

Related Party Transactions

Some members of the Board of Management are tenants. Their tenancies are on the Association's normal tenancy terms and, in common with other members of the Board of Management, they cannot use their positions to their advantage.

Charitable Donations

During the year, the Association made charitable donations amounting to £1,380 (2014: £21,034). There was no payment during the year (2014: £14,308) to the Garscube Community Foundation as a contribution to the annual gala day expenses.

**Report of the Board of Management
For the year ended 31 March 2015**

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Board of Management at the time the report is approved:

- So far as the Board members are aware, there is no relevant information of which the Association's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Board member in order to make himself / herself aware of any relevant information, and to establish that the Association's auditor is aware of the information.

Auditor

A resolution to reappoint Scott-Moncrieff, Chartered Accountants, as auditor will be brought to the members at the Annual General Meeting.

By order of the Board of Management

Margaret B A Glass

**Margaret Glass
Chair**

Dated: 11 August 2015

**Operating and Financial Review
For the year ended 31 March 2015**

Overview

Queens Cross Housing Association Limited is a social landlord and registered charity operating in the Queens Cross, Woodside, Westercommon/Hamiltonhill and Dundasvale areas of North West Glasgow. The Association was formed in 1976 with the aim of providing high quality social housing.

The Association's main business is the provision of long term rented housing and the provision of housing support for those who need additional help. This housing support service is funded by a Supporting People grant from Glasgow City Council and service charge income.

The Association owned outright 4,215 units as at 31 March 2015 and manages the tenancies for the majority of these homes. The Association also have a share in 53 shared ownership units. Within this total stock the Association leases 123 units/bed spaces to other care providers who manage these tenancies. Of this stock 551 units are dedicated to the provision of supported housing to care groups such as the elderly, people experiencing mental health related issues and young people.

The Association's housing stock has been increased through construction, funded through grant and loan finance, and by stock transfer from other bodies such as Scottish Homes, Glasgow City Council (GCC) and Glasgow Housing Association Limited (GHA). The Association has completed two stock transfers from Glasgow Housing Association Limited in recent years with 438 homes transferring during 2010 in the Hamiltonhill area. Of these properties added to the housing stock, 290 were demolished as part of a clearance programme. The Association also completed the transfer of two other Local Housing Organisations from GHA on 28 March 2011, with 781 properties at Dundasvale, and 1,057 at Woodside South Maryhill transferring. The Association continues to have an active development programme with new housing stock released in 2013 at Oban Drive, Garscube Road, Ancroft Street and current developments on site at Panmure Street and Leny Street.

As part of its vision and values the Association aims to contribute to the development of the area in social, economic and environmental terms. The Association secures Wider Action funding from a variety of sources for this work. Over and above this the Association funds specific wider action work from its own resources if it is seen as contributing to its overall objectives. It also works together with Queens Cross Workspace Limited, an independent development agency promoting economic regeneration in the area. The Association fully owns a subsidiary company called Queens Cross Factoring Limited which provides a factoring service to over 2,300 owners of property in the area.

Objectives and Strategy

The Association has completed a business planning process for the period 2014-2017 and an internal management plan which is reviewed annually and approved by the Board of Management.

From our vision *Excellent Housing, Vibrant Communities*, and reflecting our values of *respect, integrity and aspiration* strategic objectives have been agreed.

The strategic objectives for 2014-17 are:

- Work with local communities to create neighbourhoods people want live in; and
- Deliver excellent services across the organisation.

How we will do it

- Empower our people to lead the changes we need to make;
- Deliver excellent value for money; and
- Be ready for opportunities.

Below these strategic objectives, key departmental tasks are laid out in the internal management plan with the key risks that the Association faces in order to achieve these key objectives. As part of this plan, actions have been identified to mitigate these risks.

Operating and Financial Review

Regulation and Governance

The Association is regulated by the Scottish Housing Regulator and managed by an elected Board of Management whose members are listed on page 1. The Board of Management has overall responsibility for managing the Association's finances and is supported by the Audit Sub-committee who have specific responsibility for overseeing the financial controls of the Association. The Audit Sub-Committee meets quarterly, and the Committee is supported by the work of both the internal and external auditors. The Scottish Housing Regulator's latest regulation plan classifies the Association as being one which they see as having a medium engagement at this time. The Board of Management is charged with overseeing the management of the Association and monitoring its financial and non-financial performance.

Key performance indicators are reported to the Board quarterly and to our regulators with the following being amongst the key indicators used:-

Housing Management	<ul style="list-style-type: none"> - Average re-let times for void properties; - Current tenant arrears as a % of the total rent; - Bad debts written off; and - Void losses i.e. lost rent through unlet properties.
Asset Management	<ul style="list-style-type: none"> - Repair response times; - Maintenance cost per unit; and - Progress to achieving then maintaining the Scottish Homes Quality Standard.
Financial Management	<ul style="list-style-type: none"> - Surplus; - Actual results compared to forecast; - Financial gearing, e.g. debt against assets; and - Interest cover.
Development	<ul style="list-style-type: none"> - Cost per unit; - New units into management; and - Programme management.

The following are the results in 2014/15 for specific performance indicators.

Housing

The net rental arrears was £452,982 (2014: £349,756). This represents 2.8% (2014: 2.2%) of the total rental income figure. We continue to focus closely on managing this aspect of the business. A bad debt write off of £63,447 (2014: £86,376) was made in the year.

The average void re- let period was 14 days against the set target of 16 days.

Operating and Financial Review

Asset Management

There were 17,718 reactive maintenance jobs in the year with 94.9% completed right first time against a target of 85%. 3,043 repairs were emergencies and were responded to within 4 hours, whilst urgent repairs have a target of 2 days and routine repairs are within 5 days. Our performance to these response targets is detailed here.

	Actual	Target
Emergency	99.70%	100%
Urgent	99.00%	98%
Routine	99.85%	98.5%

As at 31 March 2015, 100% of all properties had a current gas safety certificate. Across the year 99.3% of stock requiring a gas certificate renewal was inspected within the set timescale. We have addressed a data issue to ensure that all certificates are flagged up as requiring inspection within the timescale.

As at 31 March 2015, 88% of our stock met the Scottish Housing Quality Standard. Ongoing works on Woodside deck access properties and various other properties means we are due to meet the Standard over the next 12 months. This will achieve a compliance level of 91.5% by March 2016. Cedar multi-storey flats stock is an area where work will be ongoing and will not meet the Standard by the target date. The Scottish Housing Regulator is aware of this timescale for compliance.

Financial Objectives and value for money

The Association's key objectives include the achievement of sound finances and good value for money in the delivery of its services. Central to this is ensuring the Association continues to demonstrate its financial viability through its 30 year cash-flow. The Association completes this 30 year plan using the BRIXX financial model. This model, the key assumptions within it and the key business risks for the Association are reviewed, validated and approved by the Board each year. It is the Board's view that these financial assumptions are prudent and realistic. The key risks incorporated into the model are detailed in the risk assessment section. The Association's financial plan and cash forecast, the projection of operating surpluses and the major repairs and maintenance expenditure, retained reserves and borrowing assumptions behind them are central to the organisation's business plan. It is this business plan which projects the future flows of resources in and out of the Association and against which any new developments or activities are assessed. This assessment measures the benefits of new activity against any impact on the financial objectives described above.

Within the 2015/16 budgeting process the Board continued the strategy of addressing the increased financial challenges and risks faced through the achievement of a prescribed savings target over a four year period. A target of recurring savings of £250k each year was agreed in 2013/14. Through a review of staffing and non-pay costs the Association has, by the start of 2015/16, achieved £750k of recurring savings. The senior management team continue to review additional areas of costs within the organisation's cost structure to meet the remaining savings target. The Association is a member of the HouseMark benchmarking club which provides the Association with a scorecard for its services in terms of their costs, quality, quantity and overall effectiveness of the services provided. The most recent HouseMark results for 2013/14 are summarised in appendix 1 of these financial statements.

The HouseMark results demonstrate that the organisation is in the upper quartile for performance in its key services of housing management and repairs services although this performance is achieved with a higher cost per property than those within the peer group. The driver for this cost position is the ratio of staff to properties within housing management and the high number of repair jobs per property. The continuing challenge for the organisation from a value for money perspective will be to review these costs whilst maintaining performance quality. The level of shared equity sales in previous years has impacted on turnover growth.

Operating and Financial Review

Financial Objectives and value for money (continued)

Other ways that the Association has attempted to promote value for money are outlined here.

The Association has introduced a web based purchase order system to support better and controlled procurement as well as improving the accuracy and timeliness of financial reporting in the organisation. A value for money strategy supported by staff across the organisation has been introduced leading to costs and working practices being reviewed within a value for money context. The Association continues to support a review of the SHAPS pension scheme in terms of its affordability, benefit and governance structure. In addition, and as a result of funding reductions for the housing support service, a review of staffing structures and conditions took place with some additional costs borne as a result of this review.

The Association wants to be in a position to take advantage of any development opportunities that arise. This is done by the accumulation of sufficient reserves over the business cycle, the prudent use of borrowing against assets when necessary, and the accessing of available funding opportunities to cover service and support costs. The level of major repairs work is determined from the 30 year asset lifecycle work-plan. The table below illustrates this point and the 2014/15 accounts themselves show that the Association is meeting its financial covenant.

The Association is required to meet covenants on its lending linked to the level of surplus or deficit each year and so future commitments on major repairs spend must be affordable through retained surpluses. Following recent changes to the accounting policy, the Association now capitalises and depreciates over its lifespan all relevant major repair work, where formerly this would have been written off in the year of the works.

	2014/15	2013/14	2012/13	2011/12	2010/11
	£'000	£'000	£'000	£'000	£'000
Turnover	19,343	21,077	29,653	19,661	10,678
Operating Costs	16,556	19,002	27,458	16,945	9,698
Operating Surplus	2,787	2,075	2,195	2,716	980
Capitalised Major Repairs	4,355	4,692	994	811	1,098

The Association aims to be on site delivering on those areas not meeting the Scottish Housing Quality Standard later in 2015 and this expenditure is incorporated into the budget plan. Over the next 5 years the association is budgeting to invest £35.5m on capital repairs to its housing stock. The current business plan incorporating the stock transfer indicates that to fund the major repairs programme the Association needed to extend borrowing from 2014 for a period of up to five years and so, as part of the stock transfer process, a loan facility with the Clydesdale Bank for £12m was agreed. The Association has prioritised regeneration investment in key areas of its stock and is working with a number of contractors in accessing ECO funding to supplement the Association's investment plans and provide enhanced specifications in the works with the aim of making it easier and cheaper to heat our homes.

The Association sees its wider contribution to the economic and social development of the area as very important. The Association's wider action and care work is supported through supporting people income, wider action and other grant funding sourced by the community services section. These services aim to be self-financing over the long term and make appropriate contributions to the support costs that help service them however the Association has in the past contributed to them to ensure continuity of service provision. Given the current changes to the sector, the ability to do this going forward may be more limited. The business plan and risk strategy have highlighted the significance of this income in the overall financial objectives and this is an area where significant changes are likely to affect the Association in the future.

**Operating and Financial Review
For the year ended 31 March 2015**

Risk assessment and arising actions

As part of the business planning process the Association has put into place an enhanced risk review policy. Risks are defined as events that will impact on the achievement of the business plan. Arising from these processes the key risks have been identified and scored for their impact and probability and strategies to address them have been drawn up.

Significant risks identified are:

- Increasing arrears as a result of economic downturn and benefit reviews. The Association aims to monitor performance carefully in this area and has made specific adjustments to forward budget forecasts, service delivery and communication to tenants through the welfare reform strategy;
- In addition and linked to the above point the Association has within its financial planning over the last 3 years reduced the assumption of rent growth over and above inflation. Our aim is, where possible, to ensure that our rents continue to be seen as affordable.
- Inflationary pressures, over and above those factored into the current business plan, on maintenance and major repairs expenditure, may be an area of concern. The business plan does make prudent estimates on the prospects for cost and income growth;
- The Association has seen a considerable increase in its pension scheme contributions to the SHAPS pension scheme in 2014/15 as a result of the triennial pension valuation. It decided in 2014 to close the final salary scheme and transfer staff into a CARE 1/80th closed scheme and offer the CARE 1/120th scheme to new members of staff. The Association also offers a defined contribution scheme which it is using to meet its pension auto enrolment obligations. It will continue to explore options to mitigate the risks in this area;
- The funding for the Association's support services is under review by Glasgow City Council. Any loss of funding for housing support services which are jointly funded by housing benefit and supporting people grant would impact on the Association's ability to provide these services. The managers of these services have undertaken a detailed review of the service and reviewed both employee terms and conditions and service structures to ensure we can continue to offer these services viably. This funding review is ongoing;
- Reductions in levels of capital grant for securing progress on development plans which would increase the need for private finance to facilitate new schemes; and
- Interest rate increases which would have a cost impact for the Association. The Association is actively managing this risk through a rate hedging strategy covered in more detail in the Capital Structure section.

In addition to the embedded risk policy, specific risks are also considered within the internal management plan with mitigating actions drawn up.

Operating and Financial Review

Capital Structure

At the year-end borrowings totalled £33,993,569 (2014: £32,794,086) and were raised either from banks or building societies. The following table shows the split of debt between the various funders and whether the loan was obtained on a fixed/capped, variable or callable rate basis.

	Fixed/Capped £	Floating/Callable £
Dunfermline Building Society	7,285,572	4,000,000
Royal Bank of Scotland	6,118,390	7,591,533
Clydesdale Bank	4,499,037	4,499,037
Total	17,902,999	16,090,570

The Association has a further undrawn facility of £2.5m with the Clydesdale Bank to support the investment programme associated with stock transfer properties. The Association has agreed a 50% hedging strategy for the Clydesdale stock transfer loan. In order to support new build work at Leny Street the Association is also converting a short term bridging facility with the Royal Bank of Scotland into a £5m 5 year facility.

Cash reserves continue to be placed on deposit with the Association's main banker, Clydesdale Bank, the Royal Bank of Scotland and with Cater Allen Bank. The retained reserves will support the future major repairs programme as detailed earlier. The level of cash on hand at the end of March 2015 continues to be augmented by the cash dowry received as part of the stock transfer process and this will reduce significantly in the 2015/16 financial year with the significant level of planned investment.

Accounting Policies

The accounting policies applied by the Association are detailed in the notes to the accounts. It is useful here to note the key policies that affect the figures in the annual report. Capital grant is deducted in the balance sheet from the cost of the relevant assets, whilst property is recorded at the historical cost of construction and has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life.

Future Developments

The Association is currently developing Timber Basin, a site to the north of the canal near Panmure St, where a further 108 units of mixed tenure will add to the affordable housing stock of the area. The Association has agreed additional bridging and long term finance with the Royal Bank of Scotland to support this development. The Association is also now progressing forward a scheme at Leny Street for 68 units of social rented housing, funded again through the Royal Bank of Scotland's loan facility and through grant, and a site at Garscube Road for 8 units.

The Association continues to identify future potential sites that it would like to develop although the ability to fully develop these opportunities will depend on the availability of appropriate funding as well as the capacity in financial terms of the organisation to meet its current loan covenant obligations.

Over and above the core housing business, the Association will continue to seek and secure external funding for its wider role activities in pursuance of its charitable aims.

Operating and Financial Review**Development**

There are 184 new units on site with the average cost per unit across the current development schemes anticipated to be:

Timber Basin	£116k
Leny Street	£117k
Garscube Road	£122k

Health and Safety

The Board and senior staff of the Association are aware of their responsibilities with regards to health and safety. The Association prepares detailed policies on health and safety and provides staff training and education on these areas.

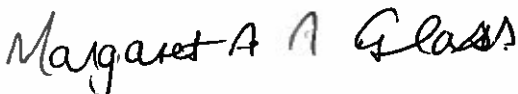
Equality and Diversity

Queens Cross Housing Association Limited is committed to promoting an environment of respect and understanding, encouraging diversity and eliminating discrimination by providing equality of opportunity for all. Throughout the Association there will be a consistent approach to promoting equality and diversity across all areas. In addition to our statutory responsibility contained in the Housing Scotland Act 2010 we are keen to create safe and inclusive neighbourhoods and an environment where people can live and work without experiencing any form of discrimination or harassment.

Investors in People

In 2009, the Association was awarded Investors in People status and the organisation will continue to put a high priority on establishing standards and systems to support its service delivery. The recruitment, retention and development of high quality staff who support the aims and values of the organisation will continue to be central to the Association.

By order of the Board of Management



Margaret Glass
Chair

Dated: 11 August 2015

**Statement of Board of Management's Responsibilities
For the year ended 31 March 2015**

Housing Association legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for the year ended on that date. In preparing those financial statements the Board are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The Board is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Report of the Auditor to the Members of Queens Cross Housing Association Limited
For the year ended 31 March 2015**

We have audited the financial statements of Queens Cross Housing Association Limited for the year ended 31 March 2015 which comprise the Group and Association's Income and Expenditure account, the Group and Association's Statement of Total Recognised Gains and Losses, the Group and Association's Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied 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 the Board of Management and the auditor

As explained more fully in the Board of Management's Responsibilities statement set out on page 12, the Board members 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 web-site at 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 Group's and of the Association's affairs as at 31 March 2015 and of the Group's and Association's 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, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator.

Report of the Auditor to the Members of Queens Cross Housing Association Limited

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; or
- we have not received all the information and explanations we need for our audit.



Scott-Moncrieff
Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Dated: 11 August 2015

**Report of the Auditor to the Board of Management of
Queens Cross Housing Association Limited on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your statements on pages 2 and 3 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 on 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 pages 2 and 3 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 our 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.



Scott-Moncrieff
Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow G2 6NL

Dated: 11 August 2015

Group Income and Expenditure Account
For the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	2	20,745,636	22,077,430
Operating costs	2	(17,892,040)	(19,941,797)
Operating surplus	2	2,853,596	2,135,633
Income from fixed asset investments		73,864	73,309
Gain/(loss) on disposal of fixed assets		127,308	(19,090)
Interest receivable and other income	5	329,291	152,243
Interest payable and similar charges	6	(1,085,950)	(897,341)
Surplus for the year before taxation		2,298,109	1,444,754
Taxation on surplus	20	(9,683)	(6,381)
Surplus for the year		<u>2,288,426</u>	<u>1,438,373</u>

The results for the year relate wholly to continuing activities.

There are no material differences between the surplus on ordinary activities for the year and the retained surplus for the year stated above and their historical cost equivalents.

The notes form part of these financial statements.

Association Income and Expenditure Account
For the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	2	19,343,496	21,077,265
Operating costs	2	(16,556,247)	(19,002,658)
Operating surplus	2	2,787,249	2,074,607
Gift aid income		40,000	40,000
Gain/(loss) on disposal of fixed assets		127,308	(19,090)
Interest receivable and other income	5	381,086	204,837
Interest payable and similar charges	6	(1,085,950)	(897,341)
Surplus for the year		2,249,693	1,403,013

The results for the year relate wholly to continuing activities.

There is no material difference between the surplus on ordinary activities for the year and the retained surplus for the year stated above and their historical cost equivalents.

The notes form part of these financial statements

**Group Statement of Total Recognised Gains and Losses
For the year ended 31 March 2015**

	2015 £	2014 £
Retained surplus for the year	2,288,426	1,438,373
Actuarial loss recognised in the retirement benefit scheme (Note 22)	(708,000)	(173,600)
Total recognised gains and losses relating to the year	<u>1,580,426</u>	<u>1,264,773</u>

**Association Statement of Total Recognised Gains and Losses
For the year ended 31 March 2015**

	2015 £	2014 £
Retained surplus for the year	2,249,693	1,403,013
Actuarial loss recognised in the retirements benefit scheme (Note 22)	(708,000)	(173,600)
Total recognised gains and losses relating to the year	<u>1,541,693</u>	<u>1,229,413</u>

The notes form part of these financial statements

Group Balance Sheet
As at 31 March 2015

		2015 £	2014 £
Tangible fixed assets	Note		
Housing properties – cost less depreciation	9a	133,854,937	122,186,892
Less: SHG and other grants	9a	(94,767,328)	(88,872,339)
Other fixed assets	9a	39,087,609	33,314,553
	9b	4,111,921	3,910,615
		<u>43,199,530</u>	<u>37,225,168</u>
Current assets			
Debtors	11	1,710,218	2,648,655
Cash at bank and in hand		20,703,416	23,634,786
Stock & Work In progress	12	1,219	1,218
Creditors: amounts falling due within one year	13	22,414,853 (6,645,250)	26,284,659 (7,815,449)
Net current assets		<u>15,769,603</u>	<u>18,469,210</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	14	58,969,133 (32,328,165)	55,694,378 (31,233,948)
Pension liability	22	(1,372,000)	(691,000)
Provision for liabilities	15	-	-
Net assets		<u>25,268,968</u>	<u>23,769,430</u>
Capital and reserves			
Called up share capital	16	325	346
Designated reserves	7	12,825,306	8,406,173
Revenue reserve excluding pension reserve	8	13,815,337	16,053,911
Pension reserve	8	(1,372,000)	(691,000)
		<u>25,268,968</u>	<u>23,769,430</u>

The financial statements were authorised for issue by the Board of Management on 11 August 2015 and were signed on its behalf by:

Margaret Glass *Margaret B A Glass*

Chair

Marilyn Clewes *M. Clewes*

Vice Chair

David Horner *David Horner*

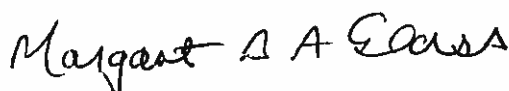
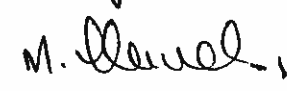

Vice Chair

The notes form part of these financial statements.

Association Balance Sheet
As at 31 March 2015

	Note	2015 £	2014 £
Tangible fixed assets			
Housing properties – cost less depreciation	9a	133,854,937	122,186,892
Less: SHG and other grants	9a	(94,767,328)	(88,872,339)
		<u>39,087,609</u>	<u>33,314,553</u>
Other fixed assets	9c	3,203,342	3,000,782
		<u>42,290,951</u>	<u>36,315,335</u>
Investments	10	1	1
		<u>42,290,952</u>	<u>36,315,336</u>
Current assets			
Debtors (amounts falling due within one year)	11	1,295,863	2,472,381
Debtors (amounts falling due after more than one year)	11	859,160	849,160
Cash at bank and in hand		20,062,798	23,124,004
Work In Progress	12	-	-
		<u>22,217,821</u>	<u>26,445,545</u>
Creditors: amounts falling due within one year	13	(5,732,709)	(7,220,839)
Net current assets		<u>16,485,112</u>	<u>19,224,706</u>
Total assets less current liabilities		<u>58,776,064</u>	<u>55,540,042</u>
Creditors: amounts falling due after more than one year	14	(32,328,165)	(31,233,948)
Pension liability	22	(1,372,000)	(691,000)
Net assets		<u>25,075,899</u>	<u>23,615,094</u>
Capital and reserves			
Share capital	16	325	346
Designated reserves	7	12,825,306	8,406,173
Revenue reserve excluding pension reserve	8	13,622,268	15,899,575
Pension reserve	8	(1,372,000)	(691,000)
		<u>25,075,899</u>	<u>23,615,094</u>

The financial statements were authorised for issue by the Board of Management on 11 August 2015 and were signed on its behalf by:

Margaret Glass		Chair
Marilyn Clewes		Vice Chair
David Horner		Vice Chair

The notes form part of these financial statements.

Group Cash Flow Statement
For the year ended 31 March 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities	1	4,600,642	5,188,472
Returns on investments and servicing of finance	2	(725,795)	(674,789)
Capital expenditure	2	(7,997,010)	(2,031,614)
Corporation tax paid		(8,669)	(6,235)
		<u>(4,130,832)</u>	<u>2,475,834</u>
Financing	2	1,199,462	5,652,798
Decrease / (increase) in cash	4	<u>(2,931,370)</u>	<u>8,128,632</u>

The notes form part of these financial statements.

Notes to the Group Cash Flow Statement
For the year ended 31 March 2015

1) Reconciliation of surplus for year to
net cash inflow from operating activities

	2015 £	2014 £
Operating surplus	2,853,596	2,135,633
Depreciation	2,149,956	1,652,046
Decrease/(increase) in debtors	938,437	(534,852)
(Increase)/decrease in stock (not NSSE stock)	(1)	36
(Decrease)/increase in creditors	(1,276,479)	2,267,433
FRS 17 pension staff costs	16,000	(11,000)
Demolition costs – release from dowry	(80,867)	(320,824)
Net cash inflow	<u>4,600,642</u>	<u>5,188,472</u>

2) Gross cash flows

Returns on investments and servicing of finance

	2015 £	2014 £
Interest received	329,291	152,243
Interest paid	(1,128,950)	(900,341)
Income from fixed asset investments	73,864	73,309
	<u>(725,795)</u>	<u>(674,789)</u>

Capital expenditure

Purchase and development of housing properties including NSSE in WIP	(14,145,234)	(6,660,630)
SHG and other grants received including LIFT in WIP	6,249,768	3,315,469
SHG repaid	(251,231)	(588,397)
Sale of properties	550,361	2,181,900
Payments to acquire other tangible fixed assets	(400,674)	(279,956)
	<u>(7,997,010)</u>	<u>(2,031,614)</u>

Financing

Issue of ordinary share capital	10	14
Loan finance received	2,100,000	8,400,000
Loan finance repaid	(900,517)	(2,747,216)
Shares forfeited	(31)	-
	<u>1,199,462</u>	<u>5,652,798</u>

Notes to the Group Cash Flow Statement
For the year ended 31 March 2015

3) Analysis of changes in net debt	At 1 April 2014 £	Cash Flow £	At 31 March 2015 £
Cash in hand, at bank	23,634,786	(2,931,370)	20,703,416
	<u>23,634,786</u>	<u>(2,931,370)</u>	<u>20,703,416</u>
Debt due within 1 year	(1,560,138)	(105,266)	(1,665,404)
Debt due after 1 year	(31,233,948)	(1,094,217)	(32,328,165)
	<u>(9,159,300)</u>	<u>(4,130,853)</u>	<u>(13,290,153)</u>
4) Reconciliation of net cash flow to movement in net debt (Note 3)		2015 £	2014 £
Increase for the year		2,931,370	(8,128,632)
Cash used to repay loans		(900,517)	(2,747,216)
Loans received		2,100,000	8,400,000
		<u>4,130,853</u>	<u>(2,475,848)</u>
Change in net debt		9,159,300	11,635,148
Net debt at 1 April 2014		<u>13,290,153</u>	<u>9,159,300</u>
Net debt at 31 March 2015			

**Notes to the Financial Statements
For the year ended 31 March 2015**

1. Accounting policies

(a) Introduction and accounting basis

The principal accounting policies of the Group are set out in paragraphs (c) to (m) below.

These financial statements are prepared in accordance with applicable accounting standards and comply with the requirements of the Co-operative and Community Benefit Societies Act 2015, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting by registered social housing providers issued in 2010.

The group financial statements include the results of Queens Cross Housing Association Limited and its subsidiary, Queens Cross Factoring Limited, for the year ended 31 March 2015.

(b) Going concern

The Group and Association have a healthy cash position and the Board of Management anticipate a surplus being generated in 2015/16 and 2016/17. The Board is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Board continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Turnover

Association

Turnover represents rental and service charge income and fees or revenue grants receivable from local authorities, from the Scottish Government, and from other sources.

Subsidiary

Turnover represents value of the goods and services supplied by the company during the year, excluding value added tax.

(d) Loans

Mortgage loans are advanced by Private Lenders 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 by the Scottish Government.

(e) Social housing grant (SHG)

Social Housing Grant, at amounts approved by the Scottish Government, is paid directly to the Association as required to meet its liabilities during the development process.

SHG is repayable under certain circumstances, primarily following sale of property, but the amount repayable will normally be restricted to net proceeds of sale.

SHG received as a contribution towards the capital cost of housing development is deducted from the cost of those developments. SHG received as a contribution towards revenue expenditure is included in turnover.

**Notes to the Financial Statements
For the year ended 31 March 2015**

1. Accounting policies (continued)

(f) Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Income and Expenditure Account on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

(g) Fixed assets - Housing properties

Housing properties are stated at cost, less social housing grants (SHG) and other public grants and less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings
2. Development expenditure including administration costs; and
3. Capitalisation interest during the development phase.

These costs are either termed "qualifying costs" by the Scottish Government for approved social housing grant schemes or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

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.

(h) Depreciation

1. Housing properties

Housing properties are stated at cost less social housing and other public grants and less accumulated depreciation. Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Association:

Land - not depreciated
 Structure – over 50 years
 Windows/Doors – over 30 years
 Bathroom - over 30 years
 Electrical – over 30 years
 Roofing – over 30 years
 Boiler Plumbing – over 15 years
 Kitchen – over 15 years
 Lifts – over 10 years

**Notes to the Financial Statements
For the year ended 31 March 2015**

1. Accounting policies (continued)

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:-

Leasehold Property	- Over the lease term
Furniture, Fittings & Equipment	- 15 - 25% on cost
Computer Equipment	- 25% reducing balance
Furniture – furnished lets	- 33% on cost where capitalised

A full year's depreciation is charged in the year of purchase.

No charge is made in the year of disposal.

3. Investment properties

Investment properties are initially included at cost and subsequently revalued annually where they are included in the balance sheet at their open market value. In accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of investment properties. This represents a departure from relevant legal requirements in respect of the depreciation of fixed assets. The directors consider that this departure is necessary in order that the financial statements give a true and fair view of the state of affairs of the company.

(i) Stock (Note 12)

1. Stock – keys

Stock is valued at the lower of costs and net realisable value.

2. Work in progress

This included properties being built under the NSSE scheme. These have now been sold.

(j) Designated Reserves (Note 7)

(i) Major Repairs

The reserve is based on the Association's requirement to maintain housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. The reserve represents amounts set aside in respect of future costs and will be transferred to the Revenue Reserve as appropriate.

(ii) CHYP

The reserve represents the funds transferred from the Council for Homeless Young People (CHYP) which was absorbed into the Association's community services section on 1 April 2008. These funds are designated for use in this project.

Notes to the Financial Statements
For the year ended 31 March 2015

1. Accounting policies (continued)

(iii) **Hamiltonhill and South Maryhill stock transfer dowries**

These reserves represent the dowries paid by Glasgow Housing Association Ltd to Queens Cross Housing Association Ltd as a contribution to the costs of the major repairs work that will be performed on the properties transferred as part of the second stage transfer completed on the 28 March 2010 and 28 March 2011. These funds will be released as this major repairs expenditure is incurred.

(k) **Pensions (Note 22)**

Scottish Housing Association Pension Scheme (SHAPS)

The Association contributes to a defined benefit scheme. It is not possible in the normal course of events for the actuary to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Scheme, and in line with FRS17, the Scheme is accounted for as a defined contribution scheme, the cost of which is written off to the Income and Expenditure account on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund.

Strathclyde Pension Fund

The Association also has staff who are members of the Strathclyde Pension Fund. 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, are recognised in the Statement of Total Recognised Gains and Losses.

Defined contribution

The Association also operates a defined contribution scheme which it is using to meet its pension auto enrolment obligations. The costs of this scheme are charged to the Income and Expenditure Account as they fall due.

(l) **Financial Commitments**

Assets held under finance leases, where substantially all the risks and rewards of ownership of the asset have passed to the Association, and hire purchase contracts are capitalised in the balance sheet and are depreciated in the income and expenditure account over the period of their useful lives.

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

The principal office premises of the Association are held on a full repairing lease. The lease termination date is 2023, and rent reviews will take place in 2018.

(m) **Deferred taxation**

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2015

2. Particulars of Turnover, Operating Costs and Operating Surplus

Group	2015			2014		
	Turnover £	Operating Costs £	Operating Surplus £	Turnover £	Operating Costs £	Operating Surplus £
Income and Expenditure from lettings						
Social Lettings (Note 3)	16,535,836	(12,881,538)	3,654,298	15,909,755	(13,133,480)	2,776,275
Other activities	2,582,660	(3,449,709)	(867,049)	4,967,510	(5,669,178)	(701,668)
Queens Cross Factoring Limited	1,627,140	(1,560,793)	66,347	1,200,165	(1,139,139)	61,026
	<u>20,745,636</u>	<u>(17,892,040)</u>	<u>2,853,596</u>	<u>22,077,430</u>	<u>(19,941,797)</u>	<u>2,135,633</u>
Association						
Income and Expenditure from lettings						
Social Lettings (Note 3)	16,535,836	(12,881,538)	3,654,298	15,909,755	(13,133,480)	2,776,275
Other activities (Note 4)	2,807,660	(3,674,709)	(867,049)	5,167,510	(5,869,178)	(701,668)
	<u>19,343,496</u>	<u>(16,556,247)</u>	<u>2,787,249</u>	<u>21,077,265</u>	<u>(19,002,658)</u>	<u>2,074,607</u>

Notes to the financial statements
For the year ended 31 March 2015

3. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2015 Total £	2014 Total £
Income from rent and service charges	14,050,510	2,025,589	162,433	16,238,532	15,575,890
Rent receivable net of service charges	316,770	45,246	-	362,016	421,126
Service charges					
Gross income from rents and service charges	14,367,280	2,070,835	162,433	16,600,548	15,997,016
Less voids	(113,109)	(16,603)	-	(129,712)	(159,421)
Net income from rents and service charges	14,254,171	2,054,232	162,433	16,470,836	15,837,595
Grants from the Scottish Ministers	65,000	-	-	65,000	72,160
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	14,319,171	2,054,232	162,433	16,535,836	15,909,755
Expenditure					
Management and maintenance administration costs	(4,821,260)	(720,418)	(41,421)	(5,583,099)	(5,668,662)
Service charges	(91,055)	(13,606)	-	(104,661)	(222,359)
Planned cyclical maintenance	(1,634,037)	(244,166)	-	(1,878,203)	(1,950,041)
Reactive maintenance costs	(2,872,340)	(429,200)	-	(3,301,540)	(3,555,287)
Bad debts – rents and service charge	(55,199)	(8,248)	-	(63,447)	(86,736)
Depreciation of social housing	(1,603,069)	(328,342)	(19,177)	(1,950,588)*	(1,650,395)*
Operating costs for social letting activities	(11,076,960)	(1,743,980)	(60,598)	(12,881,538)	(13,133,480)
Operating Surplus on letting activities, 2015	3,242,211	310,252	101,835	3,654,298	
Operating Surplus on letting activities, 2014	2,240,156	444,180	91,939	2,776,275	

* This is made up of £1,820,711 (2014: £1,448,967) depreciation charge per note 9a and the loss on disposal of components of £129,877 (2014: £201,428) included in depreciation in accordance with the SORP. Depreciation of £196,509 (2014: £199,718) in relation to other fixed assets is included in management and maintenance administration costs.

Notes to the financial statements for the year ended 31 March 2015

4. Particulars of turnover, operating costs and operating surplus from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Other operating Costs	Operating surplus or (deficit)
	£	£	£	£	2015 £	2015 £	2015 £
Wider role activities #	116,334	36,795	-	33,239	186,368	(523,034)	(336,666)
Development and construction of property activities	191,870	-	-	-	191,870	(525,805)	(333,935)
Support activities	-	-	1,339,637	517,986	1,857,623	(2,180,280)	(322,657)
Agency/management services for RSLs	-	-	-	-	-	-	-
Other agency / management services**	-	-	-	370,075	370,075	(364,723)	5,352
Developments for sale to RSLs	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-
Other activities	-	-	-	120,857	120,857	-	120,857
Car park income	-	-	-	80,867	80,867	(80,867)	-
Demolition Costs *	-	-	-	-	-	-	-
Shared equity property sales	-	-	-	-	2,232,803	(2,232,803)	-
						(3,674,709)	(867,049)
Total from other activities, 2015	308,204	36,795	1,339,637	1,123,024	2,807,660		
Total from other activities, 2014	30,754	468,777	1,434,340	3,233,639	5,167,510	(5,869,178)	(701,668)

Undertaken to support the community, other than the provision, construction, improvement and management of housing. The deficit is a result of both overheads and our commitment to fund areas like youth employability and the café even when the grant funding declines. There is a specific action plan in place to tackle this deficit.

* Demolition costs relating to the properties at Hamiltonhill. This has been funded by the release from the Hamiltonhill stock transfer dowry designated reserve (note 7).

** Includes a service charge of £225,000 (2014: £200,000) charged by the Association to Queens Cross Factoring Limited.

Notes to the Financial Statements
For the year ended 31 March 2015

5. Interest Receivable and Other Income				
	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Interest receivable on deposits	329,291	152,243	328,336	152,087
Interest receivable on subsidiary loan	-	-	52,750	52,750
	<u>329,291</u>	<u>152,243</u>	<u>381,086</u>	<u>204,837</u>
6. Interest payable and similar charges				
	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
On private loans	1,128,950	900,341	1,128,950	900,341
FRS 17 finance charge (note 22)	(43,000)	(3,000)	(43,000)	(3,000)
	<u>1,085,950</u>	<u>897,341</u>	<u>1,085,950</u>	<u>897,341</u>
7. Designated Reserves				
Group and Association	Opening Balance	Transfer	Closing Balance	
	£	£	£	
Major repairs reserve	1,157,731	7,000,000	8,157,731	
CHYP restricted reserve	66,487	-	66,487	
Hamiltonhill stock transfer dowry	654,161	(80,867)	573,294	
South Maryhill stock transfer dowry	6,527,794	(2,500,000)	4,027,794	
	<u>8,406,173</u>	<u>4,419,133</u>	<u>12,825,306</u>	
<p>The CHYP (Council for Homeless Young People) reserve was transferred on 1 April 2008 when the CHYP's assets and liabilities were absorbed by Queens Cross Housing Association Limited. CHYP now operates as part of the Association's community services section.</p> <p>The stock transfer dowries reserves represent the dowry paid by Glasgow Housing Association Ltd to Queens Cross Housing Association Ltd as a contribution to the costs of the major repairs work that will be performed on the properties transferred as part of the second stage transfer completed on the 28 March 2010 (Hamiltonhill) and 28 March 2011 (South Maryhill). These funds will be released as this major repairs expenditure is incurred. In the year to 31 March 2015, £80,867 (2014: £320,824) was released to income (note 4) to cover the demolition costs incurred in the year in respect of properties at Hamiltonhill.</p>				
8. Revenue Reserves including Pension reserve				
	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
At 1 April 2014	15,362,911	9,401,836	15,208,575	9,282,860
Transfer (to)/from designated reserve	(7,000,000)	4,705	(7,000,000)	4,705
Transfer from South Maryhill stock transfer dowry	2,500,000	2,200,000	2,500,000	2,200,000
Transfer from Hamiltonhill reserve	-	2,491,597	-	2,491,597
Total recognised gains and losses	1,580,426	1,264,773	1,541,693	1,229,413
	<u>12,443,337</u>	<u>15,362,911</u>	<u>12,250,268</u>	<u>15,208,575</u>
At 31 March 2015				
Split as:				
Revenue reserve excluding pension reserve	13,815,337	16,053,911	13,622,268	15,899,575
Pension reserve	(1,372,000)	(691,000)	(1,372,000)	(691,000)
	<u>12,443,337</u>	<u>15,362,911</u>	<u>12,250,268</u>	<u>15,208,575</u>

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2015

9a Tangible Fixed Assets – Housing Properties

	Housing Properties Held for Letting £	Completed Shared Properties £	Housing Properties Under Construction £	2015 Total £	2014 Total £
Cost					
At start of year	130,705,785	1,954,883	1,742,950	134,403,618	128,693,869
Additions during year	806,537	-	8,983,295	9,789,832	1,969,033
Component accounting additions	4,355,402	-	-	4,355,402	4,691,597
Disposals – property	(415,663)	(186,590)	-	(602,253)	(48,128)
Disposals – components	(395,360)	-	-	(395,360)	(511,251)
Transfers (Note 1)	91,286	(91,286)	-	-	(391,502)
At end of year	135,147,987	1,677,007	10,726,245	147,551,239	134,403,618
Depreciation					
At start of year	12,076,889	139,837	-	12,216,726	11,077,582
Charge for year	1,795,667	25,044	-	1,820,711	1,448,967
Disposals – property	(40,671)	(34,981)	-	(75,652)	-
Disposals – components	(265,483)	-	-	(265,483)	(309,823)
Transfer (Note 1)	7,243	(7,243)	-	-	-
At end of year	13,573,645	122,657	-	13,696,302	12,216,726
Cost less depreciation	121,574,342	1,554,350	10,726,245	133,854,937	122,186,892
SHG and Other Grants					
At start of year	85,605,147	1,583,607	1,683,585	88,872,339	86,154,704
Additions during year	726,000	-	5,523,768	6,249,768	3,315,469
Disposals – property	(251,231)	(103,548)	-	(354,779)	-
Repayment of overpaid HAG	-	-	-	-	(588,397)
Transfers	103,339	(103,339)	-	-	(9,437)
At end of year	86,183,255	1,376,720	7,207,353	94,767,328	88,872,339
Net Book Value					
At end of year	35,391,087	177,630	3,518,892	39,087,609	33,314,553
At start of year	33,023,749	231,439	59,365	33,314,553	31,461,583

Note 1: Transfers relate to the element of shared ownership properties bought back in the year.

Note 2: Properties with a cost of £602,253 (2014: £48,129) have been disposed of in the year with net proceeds totalling £543,926 (2014: £50,856).

Note 3: Component replacement costs totalled £4,355,402 (2014: £4,691,597) in the year of which £2,500,000 (2014: £2,200,000) was met from the South Maryhill designated reserve fund and £nil (2014: £2,491,597) from the major repairs reserve (see note 7).

Note 4: Component additions are net of a grant of £4,687,353 (2014: £nil) from British Gas relating to Eco Funding for carbon reduction work on both tenanted and owned properties at Woodside.

Notes to the Financial Statements
For the year ended 31 March 2015

9b. Tangible Fixed Assets – Other Tangible Assets

Group	Leasehold Property £	Furniture, Fittings & Equipment £	Computer Equipment £	Commercial Investment Properties £	2015 Total £	2014 Total £
Cost						
At start of year	985,343	320,621	14,803	3,043,288	4,364,055	4,507,710
Additions during year	123,988	276,686	-	-	400,674	279,956
Disposals	-	(2,086)	-	-	(2,086)	(423,611)
At end of year	<u>1,109,331</u>	<u>595,221</u>	<u>14,803</u>	<u>3,043,288</u>	<u>4,762,643</u>	<u>4,364,055</u>
Depreciation						
At start of year	226,717	220,396	6,327	-	453,440	673,972
Charge for year	39,414	157,835	2,119	-	199,368	203,079
Write off on disposal	-	(2,086)	-	-	(2,086)	(423,611)
At end of year	<u>266,131</u>	<u>376,145</u>	<u>8,446</u>	<u>-</u>	<u>650,722</u>	<u>453,440</u>
Net Book Value						
At end of year	<u>843,200</u>	<u>219,076</u>	<u>6,357</u>	<u>3,043,288</u>	<u>4,111,921</u>	<u>3,910,615</u>
At start of year	<u>758,626</u>	<u>100,225</u>	<u>8,476</u>	<u>3,043,288</u>	<u>3,910,615</u>	<u>3,833,738</u>

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2015

9c. Tangible Fixed Assets – Other Tangible Assets

Association	Leasehold Property £	Furniture, Fittings & Equipment £	Commercial Investment Properties £	2015 Total £	2014 Total £
Cost					
At start of year	985,343	317,175	2,143,288	3,445,806	3,591,216
Additions during year	123,988	275,081	-	399,069	278,201
Disposals	-	(2,086)	-	(2,086)	(423,611)
At end of year	1,109,331	590,170	2,143,288	3,842,789	3,445,806
Depreciation					
At start of year	226,717	218,307	-	445,024	668,917
Charge for year	39,414	157,095	-	196,509	199,718
Write off on disposal	-	(2,086)	-	(2,086)	(423,611)
At end of year	266,131	373,316	-	639,447	445,024
Net Book Value					
At end of year	843,200	216,854	2,143,288	3,203,342	3,000,782
At start of year	758,626	98,868	2,143,288	3,000,782	2,922,299

Notes to the Financial Statements
For the year ended 31 March 2015

10. Investments Association	2015 £	2014 £
Investment in subsidiary undertakings	<u>1</u>	<u>1</u>

Queens Cross Factoring Limited (company number SC278139) was incorporated on 7 January 2005 and began trading on 1 April 2005. Queens Cross Housing Association Limited acquired 1 ordinary £1 share in Queens Cross Factoring Limited, at par. This represents a 100% shareholding.

11. Debtors	2015 £	Group 2014 £	2015 £	Association 2014 £
Amounts falling due within one year:				
Rental arrears	791,801	688,575	791,801	688,575
Less provision for bad debts	(338,819)	(338,819)	(338,819)	(338,819)
	<u>452,982</u>	<u>349,756</u>	<u>452,982</u>	<u>349,756</u>
Trade debtors	911,611	385,590	-	-
Accrued income	-	914,128	-	914,128
Other debtors and prepayments	345,625	999,181	261,204	738,973
Amounts owed by subsidiary (< one year)	-	-	581,677	469,524
Amounts owed by subsidiary (> one year)	-	-	859,160	849,160
	<u>1,710,218</u>	<u>2,648,655</u>	<u>2,155,023</u>	<u>3,321,541</u>
Debtors due less than one year	1,710,218	2,648,655	1,295,863	2,472,381
Debtors due more than one year	-	-	859,160	849,160
	<u>1,710,218</u>	<u>2,648,655</u>	<u>2,155,023</u>	<u>3,321,541</u>

12. Stock	2015 £	Group 2014 £	2015 £	Association 2014 £
Stock - keys	<u>1,219</u>	<u>1,218</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements
For the year ended 31 March 2015

13. Creditors: amounts falling due within one year

	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Other loans repayable within one year	1,665,404	1,560,138	1,665,404	1,560,138
Trade creditors	1,719	-	-	-
SHG repayable on disposals	400,069	1,028,478	400,069	1,028,478
Other taxes and social security costs	1,156,300	173,034	1,116,833	153,972
Corporation tax	9,683	8,669	-	-
Deferred income	-	914,128	-	914,128
Amount owed to subsidiary	-	-	-	-
Other creditors	3,412,075	4,131,002	2,550,403	3,564,123
	<u>6,645,250</u>	<u>7,815,449</u>	<u>5,732,709</u>	<u>7,220,839</u>

Included within other creditors are outstanding pension contributions totalling £115,723 (2014: £76,716).

14. Creditors: amounts falling due outwith one year
Group and Association

	2015	2014
	£	£
Loans:		
Due between one and two years	1,665,404	1,560,138
Due between two and five years	9,996,212	9,680,410
Due in five years or more	20,666,549	19,993,400
	<u>32,328,165</u>	<u>31,233,948</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments over the next 30 years.

15. Provision for liabilities: Deferred Taxation

	Group		Association	
	2015	2014	2015	2015
	£	£	£	£
Other timing differences	-	-	-	-
Provision at start of year	-	2,288	-	-
Deferred tax charge in profit and loss account for year (note 20)	-	(2,288)	-	-
Provision at the end of the year	-	-	-	-

16. Share Capital
Group and Association

	2015	2014
	£	£
At beginning of year	346	332
Shares of £1 each fully paid and issued during the year	10	14
Shares forfeited in year	(31)	-
At end of year	<u>325</u>	<u>346</u>

There are no rights to receive dividends attached to the shares, or any ranking in the event of a winding-up.

Notes to the Financial Statements
For the year ended 31 March 2015

17. Directors' Emoluments
Group and Association

The directors are defined as the members of the Board of Management, the chief executive and any other person reporting directly to the chief executive or the Board of Management whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Board of Management during the year.

	2015 £	2014 £
Emoluments of Chief Executive (excluding pension contributions)	<u>95,035</u>	<u>92,718</u>

Pension contributions in respect of the Chief Executive totalled £31,995 (2014: £18,544) in the year.

	2015 £	2014 £
Emoluments payable to highest paid director (excluding pension contributions)	<u>95,035</u>	<u>92,718</u>

	2015 No of Directors	2014 No of Directors
The emoluments (excluding pension contributions) of the directors were in the following ranges:		
£60,000 to £65,000	-	3
£65,001 to £70,000	4	1
£70,001 to £75,000	-	-
£75,001 to £80,000	-	-
£80,001 to £85,000	-	-
£85,001 to £90,000	-	-
£90,001 to £95,000	<u>1</u>	<u>1</u>

	2015 £	2014 £
Total emoluments (excluding pension contributions) paid to those earning more than £60,000	<u>360,590</u>	<u>351,798</u>
Pension contributions of directors earning > £60,000	<u>121,399</u>	<u>40,552</u>
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	<u>1,065</u>	<u>1,645</u>

Notes to the Financial Statements
For the year ended 31 March 2015

18. Employee Information Group and Association	2015 No	2014 No
The full time equivalent number of persons employed during the year was:	<u>210</u>	<u>204</u>
Split as:		
Admin	24	17
Finance	5	5
Housing	154	162
Maintenance	24	17
Development	3	3
	<u>210</u>	<u>204</u>
Staff costs (including Directors' Emoluments):		
Wages and salaries	6,381,676	6,533,061
Social security costs	529,615	507,710
Pension costs	1,105,418	809,326
FRS 17 pension charge/(gain) (note 22)	16,000	(11,000)
	<u>8,032,709</u>	<u>7,839,097</u>

Included above is £201,382 (2014: £238,100) of agency staff costs.

19. Operating Surplus	Group		Association	
	2015 £	2014 £	2015 £	2014 £
Operating surplus is stated after charging:				
Depreciation – social housing	1,820,711	1,448,967	1,820,711	1,448,967
Depreciation – disposed components	129,877	201,428	129,877	201,428
Depreciation – other fixed assets	199,368	203,079	196,509	199,718
Auditors' remuneration (excluding VAT)				
- In their capacity as auditors	21,472	20,303	14,675	14,415
- In their capacity as tax and VAT advisors	7,650	1,450	6,600	950

20. Taxation

Group	2015 £	2014 £
United Kingdom corporation tax @ 20%	9,683	8,669
Deferred taxation (note 15)	-	(2,288)
	<u>9,683</u>	<u>6,381</u>

Association

As the Association was granted charitable status from 11 April 2005, it is no longer subject to corporation tax on its charitable activities. No corporation tax was due in respect of the Association's non-charitable activities (2014: £nil).

Notes to the Financial Statements
For the year ended 31 March 2015

21. Capital Commitments Group and Association	2015 £	2014 £
Capital expenditure which has been contracted for but has not been provided for in the financial statements.	11,342,549	10,959,395
This is to be funded by:		
SHG	3,676,473	4,672,395
Private Finance	5,161,076	3,782,000
Sales	2,505,000	2,505,000
	11,342,549	10,959,395
Capital expenditure which has been approved but not contracted for	-	2,296,655

22. Pensions

Scottish Housing Association Pension Scheme (SHAPS)

Queens Cross Housing Association Limited (the 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 individual participating employers as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under 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 to 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%.

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

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

**Notes to the Financial Statements
For the year ended 31 March 2015**

22. Pensions (continued)

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

The 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 the Association was £19,840,743.

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 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. At 1 April 2014 the Association moved from the final salary with a 1/60th accrual rate to the career average revalued earnings with a 1/80th accrual rate benefit option for active members. New members can opt to join the career average revalued earnings with a 1/120th accrual rate. Also from 1 April 2014 the Association now participates in a defined contribution scheme which it is using to meet its pension auto enrolment obligations.

During the accounting period the Association paid contributions at the following rates for members with the SHAPS scheme. For the career average revalued earnings with a 1/80th accrual rate, the contribution rate was 8.5% of pensionable salaries; for the career average revalued earnings with a 1/120th accrual rate, the contribution rate was 5.7% and the DC scheme was paid at 4%. Member contributions were 8.4%, 5.7% and 4% respectively for these schemes.

As at the balance sheet date there were 137 (2014: 64) active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £3,635,797 (2014: £2,247,845).

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 pre retirement	5.3
Investment return post retirement – non pensioners	3.4
Investment return post retirement – pensioners	3.4
Rate of salary increases	4.1
Rate of pension increases	
Pension accrued pre 6 April 2005 in excess of GMP	2.0
Pension accrued post 5 April 2005	1.7
(for leavers before 1 October 1993 pension increases are 5.0%)	2.6
Rate of price inflation	

Notes to the Financial Statements
For the year ended 31 March 2015

22. Pensions (continued)

Mortality Tables	
Non-pensioners	44% of SP1MA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.
Pensioners	90% of SP1MA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.

Contribution Rates for Future Service (payable from 1 April 2011)		%
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 were payable from 1 April 2014 and will increase by 3% per annum each 1 April thereafter. The past services deficit payment for 2014/15 was £605,000 (2013/14 £216,000). The past service deficit payment for 2015/16 will be £620,175.

Strathclyde Pension Fund

There are 25 employees who 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 calculations are as follows:

Assumptions as at	31 March 2015	31 March 2014
Price increases	2.4%	2.8%
Salary increases	4.3%	5.1%
Expected return on assets	3.2%	6.0%
Discount rate	3.2%	4.3%

Mortality

Life expectancy is based on the Funds VitaCurves with improvements in line with the CMI 2012 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. 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

Notes to the Financial Statements
For the year ended 31 March 2015

22. Pensions (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	Long term rate of return 31 March 2014	Value at 31 March 2014
		£000's		£000's
Equities	3.2%	3,603	6.6%	3,201
Government securities	3.2%	625	3.7%	506
Property	3.2%	528	4.8%	295
Cash	3.2%	48	3.7%	211
Total		<u>4,804</u>		<u>4,213</u>
Present value of scheme liabilities		(5,948)		(4,704)
Present value of unfunded liabilities		(228)		(200)
Net pension liability		<u>(1,372)</u>		<u>(691)</u>

Reconciliation of defined benefit obligation

Year Ended:	31 Mar 2015 £	31 Mar 2014 £
Opening Defined Benefit Obligation	4,904,000	4,282,400
Current Service Cost	220,000	169,000
Interest Cost	214,000	197,000
Contributions by Members	50,000	42,000
Actuarial Losses / (Gains)	899,000	233,600
Past Service (Gains) / Costs	-	-
Losses on curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	(7,000)	(7,000)
Estimated Benefits Paid	(104,000)	(13,000)
Closing Defined Benefit Obligation	<u>6,176,000</u>	<u>4,904,000</u>

Notes to the Financial Statements
For the year ended 31 March 2015

22. Pensions (continued)

Reconciliation of fair value of employer assets

Year Ended:	31 Mar 2015 £	31 Mar 2014 £
Opening Fair Value of Employer Assets	4,213,000	3,751,000
Expected Return on Assets	257,000	200,000
Contributions by Members	50,000	42,000
Contributions by the Employer	197,000	173,000
Contributions in respect of Unfunded Benefits	7,000	7,000
Actuarial Gain/(Losses)	191,000	60,000
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	(7,000)	(7,000)
Estimated Benefits Paid	(104,000)	(13,000)
Closing Fair Value of Employer Assets	4,804,000	4,213,000
Net pension liability	(1,372,000)	(691,000)

Analysis of amounts included in Income & Expenditure Account

	2015 £'000	2014 £'000
Expected return on pension scheme assets	257	200
Interest on pension scheme liabilities	(214)	(197)
Net Return – finance income	43	3
	2015 £'000	2014 £'000
Current service cost	220	169
Past service cost	-	-
Losses on curtailments	-	-
Contributions in respect of unfunded benefits	(7)	(7)
Contribution by employers	(197)	(173)
Charge to staff costs	16	(11)

The expected employer's contribution for the year to 31 March 2016 will be approximately £186,918.

Notes to the Financial Statements
For the year ended 31 March 2015

22. Pensions (continued)

Analysis of amount recognised in Statement of Total Recognised Gains and Losses

	2015 £	2014 £
Actual return less expected return on scheme assets	191,000	60,000
Changes in assumptions underlying the present value of scheme liabilities	(899,000)	(233,600)
Actuarial loss recognised in statement of recognised gains and losses	<u>(708,000)</u>	<u>(173,600)</u>

History of experience gains/(losses)

	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Scheme assets	4,804	4,213	3,751	3,074
Defined benefit liability	(6,176)	(4,904)	(4,282)	(3,377)
Deficit in Scheme	(1,372)	(691)	(531)	(303)
Experience adjustments on scheme assets	191	60	286	(658)
Experience adjustments as a % of scheme assets	4.0%	1.4%	7.6%	21.4%
Experience adjustments on scheme liabilities	8	-	2	692
Experience adjustments as a % of scheme liabilities	0.13%	0%	0.05%	20.5%

Notes to the Financial Statements
For the year ended 31 March 2015

23. Housing Stock
Group and Association

Units in management
2015 2014

The number of units of accommodation in management was as follows:-

General needs housing	3,664	3,676
Supported housing accommodation	551	551
Shared ownership accommodation	53	58
	<u>4,268</u>	<u>4,285</u>

24. Accommodation managed by others
Group and Association

No of units/bedspaces
2015 2014

Women's Aid	14	14
Share HA	2	2
Quarriers	9	9
Archdiocese of Glasgow	1	1
Talbot Association	19	19
Barnardos	9	9
Tact	14	14
Fairholme	6	6
Aspire	11	11
Key Housing	17	17
CIC	4	4
Turning Point	11	11
Mungo Foundation	6	6
	<u>123</u>	<u>123</u>

25. Revenue Commitments
Group and Association

The Group and Association has commitments under operating leases for the next year for leases expiring as follows:

	2015		2014	
	Land & buildings	Other Leases	Land & buildings	Other leases
	£	£	£	£
Within one year	-	-	-	-
Between two and five years	-	66,736	-	54,430
More than 5 years	240,000	-	240,000	-
	<u>240,000</u>	<u>66,736</u>	<u>240,000</u>	<u>54,430</u>

26. Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and its subsidiary, Queen Cross Factoring Limited is incorporated under the Companies Act 2006.

Appendix 1

Your Insight

This insight summary contains some key findings as identified by HouseMark, which we hope you find useful. If you would like to engage HouseMark to carry out more detailed analysis of your data, please contact lynn.dexter@housemark.co.uk

Resident satisfaction



Resident satisfaction remains high when compared to the peer group. Fresh 2013-14 results show Queens Cross had the third highest satisfaction in the peer group for three of the six core measures, exceeded only by two smaller English HAs with a significant proportion of housing for older people. However, satisfaction with views listened to and acted upon fell by 8% when compared to the previous year, and is now only just within the top quartile.

Overheads

Whilst overheads remain slightly higher than average compared to the peer group, 2013-14 saw an overall reduction in overheads of around 3%, bringing overheads as a percentage of turnover closer to median. Reductions in overheads came largely from finance and central overheads categories. We understand that the previous year included some costs relating to new systems improvements and HR programmes carried out, which in part explains the reduction in spend in 2013-14. Is this an area where further efficiencies could be made?



Housing management



The direct cost per property of housing management remained relatively stable and higher than average when compared to the peer group. Queens Cross has 10.7 WTE staff working on housing management when compared to the peer group median of around 8. However, this additional resource seems to produce results, as Queens Cross performance across a broad range of satisfaction and housing management indicators is top quartile when compared to the peer group.

Welfare Reform

Despite external pressures, Queens Cross reported a significant reduction in current and former tenant arrears in 2013-14. Write-offs as a percentage of the annual rent roll were in line with the average for the peer group. This positive trend is particularly good when compared to the peer group trend. Queens Cross also showed improvements in both void loss and re-let time which compare favourably to the sector trend. This strong performance may be in part due to the extra housing management resource referred to above, as well as dedicated staff providing welfare and debt advice.



Housing maintenance



The direct cost per property of responsive repairs increased by around 9% in 2013-14 and remains above average when compared to the peer group. However, this is at least in part due to an increase in the volume of repairs carried out. In fact, the average cost per responsive repair reduced and is now close to median for the peer group. Performance indicators on responsive repairs continue to compare favourably, suggesting an overall positive trend on value.

Appendix 1 (cont'd)



Value for money scorecard



Queens Cross Housing Association 2013-14

Process

	Value	Previous	Trend	Median	Diff
Rent collected as % of rent due	100.6%	99.2%	↑	99.3%	↑
Service charges collected as a % of service charges due	91.9%	91.0%	↑	95.5%	↑
Average re-let time	21.00	23.00	↓	31.80	↓
Repairs completed at the first visit %	94.8%	86.0%	↑	90.2%	↑

Value

	Value	Previous	Trend	Median	Diff
Satisfaction with the quality of new home %	88.3%	86.2%	↑	90.0%	↑
Satisfaction with the service provided %	87.0%	91.0%	↓	86.5%	↑
Satisfaction with repairs and maintenance %	89.0%	89.0%	↔	83.2%	↑
Satisfaction with neighbourhood %	94.0%	NoData		86.0%	↑
Satisfaction that rent provides value for money %	83.0%	82.0%	↑	80.1%	↑
Satisfaction that service charges provide value for money %	NoData	NoData		71.0%	

People

	Value	Previous	Trend	Median	Diff
Staff satisfied with organisation as an employer %	51.7%	NoData		81.0%	↓
Sickness absence average days lost per employee	12.2	13.6	↓	8.9	↓
Staff turnover in the year %	20.9%	11.0%	↓	9.2%	↓

Business Health

	Value	Previous	Trend	Median	Diff
Growth in turnover	-28.9%	7.0%	↓	4.1%	↓
Operating margin	9.8%	11.8%	↓	24.6%	↓
Adjusted Turnover Overheads Costs %	15.2%	17.0%	↓	13.2%	↓
Total CPP of Housing Management	£621.42	£668.00	↓	£567.81	↓
Total CPP of Major Works & Cyclical Maintenance	£1,502.48	£615.60	↓	£1,303.43	↓
Total CPP of Responsive Repairs & Void Works	£878.90	£803.40	↓	£816.35	↓
Total CPP of Overheads	£231.52	£277.79	↓	£268.96	↓
Current tenant arrears as % of rent due	3.15%	4.14%	↓	3.69%	↓
Rent loss due to voids as % of rent due	0.54%	0.75%	↓	1.16%	↓
Gross arrears written off as % of rent due	0.52%	0.51%	↔	0.50%	↔

Trend Indicators

These represent your improvement in comparison to your peer group's improvement.

Performance Indicators

These represent your performance in comparison to your peer group's performance.

