

SHETTLESTON HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2013

SHETTLESTON HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2013

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Registration information

Financial Services Authority

Industrial and Provident Societies Act 1965
Registered number SP1884RS

The Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered number 183

Scottish Charity Number

SC 036687

**Report and Financial Statements
For the year ended 31 March 2013**

Members, Executives and Advisers

Management Committee

Annie McAllister	(Chairperson)
John Hastie	(Vice-Chairperson)
Morag Allan	(Secretary)
Betty Finnen	
Mary Thomas	
Nan Sangster	
Gillian Johnston	
Jemima Pryce	
Lesley Scoffield	
James Tominey	
Tom McDonald	
Alex McWhinnie	
Mary Hain	
Margaret Russell	(Elected September 2012)
Christina Brown	(Resigned June 2012)

Executive Officers

Chris Cunningham	(Director)
Jim Hempsey	(Finance Manager)
June Macfarlane	(Housing Manager)
Margaret Paton	(Performance and Development Manager)
Jannette Rawls	(Corporate Services Manager)
Joe Whitley	(Maintenance Manager)

Registered Office

Helen McGregor House
65 Pettigrew Street
Glasgow
G32 7XR

Auditor

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

Bankers

Royal Bank of Scotland plc
1304 Duke Street
Glasgow
G31 5PZ

Solicitors

T C Young LLP
7 West George St
Glasgow
G2 1BA

Brodies LLP

2 Blythswood Square
Glasgow
G2 4AD

Tods Murray LLP

33 Bothwell Street
Glasgow
G2 6NL

**Report of the Management Committee
For the year ended 31 March 2013**

The Management Committee presents its report and audited financial statements for the year ended 31st March 2013.

Principal Activity

The principal activity of the Group is the provision of social rented accommodation, the provision of estate caretaking services and the acquisition and letting of properties at market rents.

Review of Business and Future Developments

At the commencement of the 2012/13 financial year the Association adopted the following strategic objectives for the forthcoming and subsequent two years:

1. To improve the Association's service delivery and investigate the expansion and diversification of services following customer feedback.
2. To expand the housing stock of SHA through the development of houses.
3. To ensure the growth of the organisation is properly and adequately funded through robust financial planning.
4. To maintain all stock to a good standard through a sustainable programme of planned repairs and maintenance.
5. To achieve effective tenant involvement in the Association and engage fully with the community in all activities, especially the regeneration of the area.
6. To develop staff and committee as a fundamental resource to the organisation.
7. To work to achieve the housing standard for all stock.
8. To support the operation of existing Wider Action initiatives and encourage the investigation and development of new initiatives.
9. To continuously review the performance of the organisation, the risks of all activities, the organisational structure and context and ensure that all statutory requirements are met timeously and in full.
10. To meet the standards set out in the Scottish Social Housing Charter.

Operational objectives to fit with these strategic objectives were also agreed and were reported on to the Committee at the end of each quarter.

In considering the progress made against these objectives, the following key achievements for the year can be noted:

- The acquisition of the former lighting depot at the gusset of Shettleston Road and Old Shettleston Road. This derelict building has been a blight on the entrance to Shettleston for a number of years, but finally the owner agreed to sell the property to the Association.
- A site start on the development of 30 units of family housing for GHA re-provisioning at Pettigrew Street Phase 2 was achieved in February 2013.
- The rehabilitation of 122 steel houses Springboig Phase 6.

**Report of the Management Committee
For the year ended 31 March 2013**

Review of Business and Future Developments (continued)

- A site start on Springboig Phase 7 with the completion of 36 properties.
- Securing £1.158m of CESP funding to support the insulation improvements in Springboig.
- Grant funding of £217,000 for the acquisition and feasibility study of Carntyne Old Parish Church on the corner of Wellshot and Shettleston Roads for a proposed development of 18 units for elderly clients.
- Completion of kitchen and bathroom replacements covering 240 houses in North Shettleston and investing £1.7m.
- Partial completion (95%) of South Greenfield upgrading of roofs, insulated render and backcourts for over 200 properties.
- Completion of the insulation of 40 properties in the Sandyhills Steel Estate with support from ECO funding.
- Completion of repairs to the roofs of 8 oriel windows at the west end of Shettleston Rd.
- Facing the climate challenge issues by carrying out a full and detailed thermal insulation survey of the sandstone tenements.
- Survey of all windows and bathrooms in tenement properties in preparation for replacement/improvement.
- East End Development Company acquired two properties for market rent.
- Upkeep continued to expand to carry out a greater proportion of the Association's reactive maintenance, including a pilot on 'out of hours' services over the Christmas period.
- Upkeep Furniture Project formally opened its third shop in Rutherglen in 2012.
- Shettleston Energy Advice (SEA) project was launched in September 2012 following a successful bid for £190,000 funding to the Climate Challenge fund. The project employs two energy advisors with a target to provide advice to five hundred household in their own home during the duration of the project.
- The Shettleston Community Growing Project had its second successful growing season, including a Gala Day in partnership with SHA. The allotments, run and managed by a committee of local people, transformed a redundant piece of ground to a community asset within 12 months. The allotment project has over 30 users and a dedicated volunteer network. Additional funding of £116,000 was secured from the People and Communities Fund in 2012 to support green volunteers through the employment of a full time Co-ordinator until March 2015.
- The Association invested in improvements to the Fuse premises, and has sought to support the youth project where appropriate. Continued liaison with the project, through SHA's Wider Role Manager and Shettleston Community Growing Project, cemented stronger links with the project in 2012. The SHA newsletter now carries a regular feature advertising and promoting the role of Fuse in our community.

**Report of the Management Committee
For the year ended 31 March 2013**

Review of Business and Future Developments (continued)

- There was a successful bid to the Big Lottery's Awards for All, for £10,000, to assist with removal costs for tenants affected by the bedroom tax.
- The Allocation Policy was reviewed, to give priority to existing tenants who wished to move to a smaller property, as a result of the impact of the bedroom tax. A specific category was introduced to the letting quotas for 2013/14 to facilitate the moves.
- Detailed surveys of tenant profiles and preferences in relation to the implementation of the bedroom tax were carried out and the number of tenants affected by the tax identified. The number affected by the tax who wish to consider a move have been contacted with details of the revised allocations policy.
- Surveys to assist with profiling for Universal Credit commenced in 2012 and are to continue in 2013.
- The review of the IT software package was completed in 2012/13 with an upgrade to the existing Capita system selected as the most cost effective option.
- Additional funding of £87,140 from the NHS/GCC Change Fund was secured to extend our Supporting People services. This has provided an extension to the lunch club service to a further 30 clients and a further 10 clients receive home support from one additional member of staff.
- The Facebook and Twitter sites have been promoted to reach a wider range of service users during 2012/13 with a total of 317 connected at 31st March 2013. The Association is posting news items and requesting feedback on issues and services on a daily basis.
- A new two stage Complaints Policy and procedure was launched in January 2013 following consultation with tenants and other service users.
- The Association has made considerable progress in meeting the outcomes of the Social Housing Charter. In July 2012, the How Well Are We Doing customer satisfaction feedback cards were launched, and already show satisfaction at 90%+. All service users received a guide to the Charter, in September 2012, which outlined the Association's proposals to meet the Charter outcomes. The first Performance Report to service users was issued in January 2013 as a consultation document and subsequently over 40 service users have joined our Consultation Panel. Consultation Panel members have been receiving regular news updates and feedback questionnaires since January 2013.
- Performance on routine and urgent repair timescales exceeded all the KPI targets during 2012/13.
- The Association's property void period averaged 13 days in 2012/13, (APSR 31st March 2013) below the annual KPI target of 20 days. Performance has improved significantly since March 2006 when it was an average of 50 days.
- All financial targets and covenant requirements were met, or improved on, during 2012/13.
- Current Tenant rent arrears, at 3.42% (APSR March 2013), was below the target of 4.50%. This result reflects an intensive campaign of arrears control over the past two years.
- The numbers and attendance on the Management Committee remained positive throughout 2012.

**Report of the Management Committee
For the year ended 31 March 2013****Review of Business and Future Developments (continued)**

In addition to these main achievements, the Association carried out standard functions to ensure;

- All statutory compliance requirements were met on time.
- Financial Management was robust and audited.
- Revision and review of key policies was implemented.
- Sound and consistent governance by the governing body.

Although the Association met the majority of its targets for 2012/13, and fulfilled its actions, there were a number of areas where work has either not been completed within target timescales or performance was below target. The main issues where there has been a lack of attainment are detailed below.

- Gas safety checks were not completed to 100% of properties within timescales throughout 2012/13. The completion rate was 99%.
- The target for rent loss (0.67%) from voids was not met throughout the year.
- The revision and updating of a number of policies was not complete
- The detailed review of procedures continues to progress, covering all the functions of the Association, but has not been finalised.
- Performance in meeting void repair timescales has not been met.
- Performance in meeting the 12hour emergency repair timescale has not been met.

Proposals to address all these outstanding issues are included in the actions for the year ahead.

The AGM was held in September 2012 and five members, having retired by rotation, offered themselves for re-election and were duly re-elected for a further term. In addition, the Association welcomed a new, sixth, member onto the Committee. The staff team have remained fairly constant throughout the year.

In addition to all of the above, it should be noted that in May 2013 the Management Committee decided to enter into discussions with Tollcross Housing Association to explore the potential for closer partnership working. The Committees of both Associations have agreed to investigate ways in which both organisations might work more closely together in the future. The purpose of such closer working would be to identify and benefit from possible efficiencies across both associations. It is agreed however, that whatever the future arrangements, both Shettleston and Tollcross will retain their separate identities.

Related Party Transactions

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

Disclosure of information to the auditor

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

- So far as the Committee 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 Committee member in order to make himself/herself aware of any relevant audit information, and to establish that the Association's auditor is aware of the information.

**Report of the Management Committee
For the year ended 31 March 2013**

Internal Financial Controls

The Committee is responsible for the Association's system of internal financial control and has reviewed its effectiveness from information provided by management staff and from regular reports from the Association's internal auditors.

Any system can only provide reasonable and not absolute assurance against material misstatement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation. It includes a combination of regular review of financial results compared with an agreed budget, authorisation of all expenditure by senior staff and Committee and an internal audit programme based on a previously carried out audit needs assessment.

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 Committee

x 

Morag Allan
Secretary

Dated: 2nd July 2013

Statement of Management Committee's Responsibilities

Housing Association legislation requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ended on that date. In preparing those financial statements the committee 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 Association will continue in business.

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

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

Report of the Auditor to the members of Shettleston Housing Association Limited

We have audited the financial statements of Shettleston Housing Association Limited for the year ended 31 March 2013 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the 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 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Management Committee and Auditor

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 7, the Management Committee is responsible for the preparation of the financial statements which 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

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

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 2013 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, 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 Shettleston Housing Association Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require 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

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

Dated: 2/7/13

**Report of the Auditor to the Management Committee of
Shettleston Housing Association Limited on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your Statement on page 6 concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

Basis of Opinion

We carried out our review having regard to Bulletin 2009/4 issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

Opinion

In our opinion, your statement on internal financial control on page 6 has provided the disclosures required by the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing" and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Scott - Moncrieff

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

Dated: 2/7/13

**Income and Expenditure Account
For the year ended 31 March 2013**

	Notes	2013 £	2012 £
Turnover	2	7,401,491	6,890,196
Operating costs	2	(5,964,290)	(5,773,346)
Operating surplus	2	1,437,201	1,116,850
Gain on disposal of fixed assets		57,149	156,969
Interest receivable and other income	5	21,207	25,072
Interest payable and similar charges	6	(728,269)	(579,951)
Gift aid	23	10,000	-
Surplus for the year		<u>797,288</u>	<u>718,940</u>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements

**Statement of Total Recognised Gains and Losses
For the year ended 31 March 2013**

	2013 £	2012 £
Retained surplus for the year	797,288	718,940
Actuarial loss recognised in the retirement benefit scheme (Note 19)	<u>(42,000)</u>	<u>(100,000)</u>
Total recognised gains and losses relating to the year	<u><u>755,288</u></u>	<u><u>618,940</u></u>

The notes form part of these financial statements

Balance Sheet
As at 31 March 2013

	Notes	2013 £	2012 £
Tangible fixed assets			
Housing properties – cost less depreciation	9	80,758,666	73,435,219
Less SHG and other grants	9	(51,374,354)	(47,613,044)
		29,384,312	25,822,175
Other fixed assets	9	3,246,471	3,269,468
		32,630,783	29,091,643
Investments			
Investments in subsidiaries	10	2	2
Current assets			
Debtors	11	1,496,253	878,578
Cash at bank and in hand		1,751,696	1,290,196
		3,247,949	2,168,774
Creditors: amounts falling due within one year	12	(2,498,350)	(1,159,329)
Net current assets		749,599	1,009,445
Total assets less current liabilities		33,380,384	30,101,090
Creditors: amounts falling due after more than one year	13	(19,600,000)	(17,100,000)
Retirement benefit scheme liability	19	(48,000)	(24,000)
Net assets		13,732,384	12,977,090
Capital and reserves			
Share capital	14	277	295
Designated reserves	7	6,842,268	6,886,760
Revenue reserve	8	6,937,332	6,113,552
Pension reserve	8	(48,000)	(24,000)
Capital redemption reserve		507	483
		13,732,384	12,977,090

The financial statements on pages 11 to 35 were authorised for issue by the Management Committee on 2/7/2013 and were signed on its behalf by:

Annie McAllister ✕ *Annie McAllister* ✕ Chairperson

John Hastie ✕ *John Hastie* ✕ Vice-Chairperson

Morag Allan ✕ *M. Allan* ✕ Secretary

The notes form part of these financial statements

Cash Flow Statement
For the year ended 31 March 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	1	3,070,123	1,852,443
Returns on investments and servicing of finance	2	(713,062)	(567,879)
Capital expenditure	2	(4,395,567)	(5,603,308)
		<u>(2,038,506)</u>	<u>(4,318,744)</u>
Financing	2	<u>2,500,006</u>	<u>3,600,002</u>
Decrease in cash	4	<u><u>461,500</u></u>	<u><u>(718,742)</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
For the year ended 31 March 2013

1) Reconciliation of Surplus for year to Net Cash Inflow from Operating Activities

	2013	2012
	£	£
Operating surplus	1,437,201	1,116,850
Depreciation	913,576	986,476
(Increase)/decrease in debtors	(617,675)	87,971
Increase/(decrease) in creditors	1,339,021	(328,854)
Non cash FRS 17 pension movement in staff costs	(12,000)	(10,000)
Gift aid	10,000	-
	<u>3,070,123</u>	<u>1,852,443</u>

2) Gross Cash Flows

	2013	2012
	£	£
Returns on investments and servicing of finance		
Interest received on deposits/loans to subsidiaries	15,207	12,072
Interest paid	(728,269)	(579,951)
	<u>(713,062)</u>	<u>(567,879)</u>

	2013	2012
	£	£
Capital expenditure		
Purchase and development of housing properties	(8,415,672)	(7,544,289)
SHG and other grants received	4,015,090	1,806,826
Sale of properties	78,467	156,969
Payments to acquire other tangible fixed assets	(73,452)	(22,814)
	<u>(4,395,567)</u>	<u>(5,603,308)</u>

	2013	2012
	£	£
Financing		
Issue of ordinary share capital	6	2
Loans received	2,500,000	3,600,000
	<u>2,500,006</u>	<u>3,600,002</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2013

3) Analysis of Changes in Net Debt	At 31 March 2012 £	Cash Flow £	At 31 March 2013 £
Cash in hand, at bank	1,290,196	461,500	1,751,696
	<u>1,290,196</u>	<u>461,500</u>	<u>1,751,696</u>
Debt due within 1 year	-	-	-
Debt due after 1 year	(17,100,000)	(2,500,000)	(19,600,000)
	<u>(15,809,804)</u>	<u>(2,038,500)</u>	<u>(17,848,304)</u>

4) Reconciliation of Net Cash Flow to Movement in Net Debt (Note 3)

	2013 £	2012 £
Increase/(decrease) for the year	461,500	(718,742)
Loan received	(2,500,000)	(3,600,000)
	<u>(2,038,500)</u>	<u>(4,318,742)</u>
Net debt at 1 April 2012	<u>(15,809,804)</u>	<u>(11,491,062)</u>
Net debt at 31 March 2013	<u>(17,848,304)</u>	<u>(15,809,804)</u>

**Notes on the Financial Statements
For the year ended 31 March 2013**

1. Accounting policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in paragraphs (b) to (k) below.

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by registered social housing providers issued in 2010, and the Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator. The principal accounting policies are set out below.

(b) Going concern

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2014 and the year to 31 March 2015. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from local authorities and from the Scottish Government. Also included is any income from first tranche shared ownership disposals.

(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 the sale of property, but will normally be restricted to the net proceeds of sale.

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

(f) Fixed assets - Housing properties

Housing properties are stated at cost, less Social Housing Grants and other public grants and less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings; and
2. Development expenditure including administration costs.

**Notes on the Financial Statements
For the year ended 31 March 2013**

1. Accounting policies (continued)

(f) Fixed assets – Housing properties (continued)

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.

(g) Depreciation

- 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
Heating	- over 15 years
Digital	- over 15 years
Kitchen	- over 15 years
Bathroom	- over 30 years
Doors	- over 30 years
Windows	- over 30 years
Cladding	- over 50 years
Roof	- over 50 years
Gutters	- over 30 years
Electrical	- over 30 years

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:-

Computer Equipment	- 33% on cost
Furniture & Fittings	- 20% on cost
Office and Commercial Property	- 2% on cost

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

No charge is made in the year of disposal.

**Notes on the Financial Statements
For the year ended 31 March 2013**

1. Accounting policies (continued)

(h) Designated Reserves (Note 7)

(i) Cyclical maintenance

The reserve is based on the Association's liability to maintain the properties in accordance with a planned programme of works, provided it will not be met from revenue in the year in which it is incurred.

(ii) Furniture Reserve

The reserve is based on the Association's requirement to furnish certain properties. The reserve represents amounts set aside in respect of future costs and will be transferred to Revenue Reserves as appropriate.

(iii) SST Properties Reserve

The reserve comprises the dowry provided by Glasgow Housing Association as part of the second stage transfer. This dowry is a contribution towards the cost of the future major repairs and improvements expenditure which will be incurred by Shettleston Housing Association Limited to bring the stock transferred up to the requirements of the Scottish Housing Quality Standard. The major repairs and improvements expenditure is capitalised and thus the SST Properties Reserve is released to the Revenue Reserve in line with the depreciation rate in respect of these capital repairs and improvements.

(i) 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.

(j) Pensions (note 19)

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, is recognised in the Total Statement of Recognised Gains and Losses.

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.

**Notes on the Financial Statements
For the year ended 31 March 2013**

1. Accounting policies (continued)

(k) 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.

Notes on the Financial Statements
For the year ended 31 March 2013

2. Particulars of Turnover, Operating Costs and Operating Surplus

	Turnover £	2013 Operating Costs £	Operating Surplus £	Turnover £	2012 Operating Costs £	Operating Surplus £
Income and Expenditure From lettings						
Social Lettings (Note 3)	7,057,087	5,190,555	1,866,532	6,649,586	5,296,578	1,353,008
Other activities (Note 4)	344,404	773,735	(429,331)	240,610	476,768	(236,158)
	<u>7,401,491</u>	<u>5,964,290</u>	<u>1,437,201</u>	<u>6,890,196</u>	<u>5,773,346</u>	<u>1,116,850</u>

Notes to the financial statements
For the year ended 31 March 2013

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

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2013 Total £	2012 Total £
Income from rent and service charges					
Rent receivable net of service charges	6,725,102	-	101,104	6,826,206	6,424,455
Service charges	283,342	-	7,973	291,315	290,663
Gross income from rents and service charges	7,008,444	-	109,077	7,117,521	6,715,118
Less voids	(60,434)	-	-	(60,434)	(65,532)
Net income from rents and service charges	6,948,010	-	109,077	7,057,087	6,649,586
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	6,948,010	-	109,077	7,057,087	6,649,586
Expenditure					
Management and maintenance administration costs	1,926,041	-	33,616	1,959,657	1,955,575
Service charges	602,223	-	9,454	611,677	635,034
Planned cyclical maintenance including major repairs	682,485	-	10,714	693,199	738,319
Reactive maintenance costs	913,261	-	14,337	927,598	868,604
Bad debts – rents and service charges	33,298	-	-	33,298	125,831
Depreciation of social housing	809,613	-	7,514	817,127	825,566
Property insurance	145,712	-	2,287	147,999	147,649
Operating costs for social letting activities	5,112,633	-	77,922	5,190,555	5,296,578
Operating Surplus on letting activities, 2013	1,835,377	-	31,155	1,866,532	
Operating Surplus on letting activities, 2012	1,327,541	-	25,467		1,353,008

Notes to the financial statements for the year ended 31 March 2013

4. Particulars of turnover, operating costs and operating surplus/(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)	
	£	£				2013	2012			2013	2012
Wider role activities #	-	65,404	-	-	-	65,404	-	103,534	(38,130)	-	
Care and repair of property	-	-	-	-	-	-	-	-	-	-	
Factoring	-	-	-	49,376	-	49,376	49,288	170,113	(120,737)	(44,171)	
Development and construction of property activities	-	-	-	-	-	-	50,735	3,978	(3,978)	37,691	
Support activities	-	18,096	86,509	-	-	104,605	86,509	384,286	(279,681)	(253,905)	
Care activities	-	-	-	-	-	-	-	-	-	-	
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-	
Furniture Packages	-	-	-	-	-	-	-	25,746	(25,746)	(16,107)	
Adaptations	74,848	-	-	-	-	74,848	-	86,078	(11,230)	-	
Commercial rent	-	-	-	50,171	-	50,171	54,078	-	50,171	40,334	
RTB allowance	-	-	-	-	-	-	-	-	-	-	
Total from other activities, 2013	74,848	83,500	86,509	99,547	344,404	773,735	(429,331)				
Total from other activities, 2012	50,735	-	86,509	103,366	240,610	476,398	(236,158)				

Undertaken to support the community, other than the provision, construction, improvement and management of housing

**Notes on the Financial Statements
For the year ended 31 March 2013**

5.	Interest Receivable and Other Income		2013	2012
			£	£
	Interest receivable on deposits		4,267	2,402
	Interest received on loans to subsidiaries		10,940	9,670
	FRS 17 finance charge (Note 19)		6,000	13,000
			<u>21,207</u>	<u>25,072</u>
			<u><u>21,207</u></u>	<u><u>25,072</u></u>
6.	Interest Payable and Similar Charges		2013	2012
			£	£
	On private loans		728,269	579,951
			<u>728,269</u>	<u>579,951</u>
			<u><u>728,269</u></u>	<u><u>579,951</u></u>
7.	Designated Reserves			
		Opening Balance	Transfers	Closing Balance
		£	£	£
	Cyclical maintenance	1,412,079	-	1,412,079
	Furniture Reserve	91,795	-	91,795
	SST Properties Reserve	5,382,886	(44,492)	5,338,394
		<u>6,886,760</u>	<u>(44,492)</u>	<u>6,842,268</u>
		<u><u>6,886,760</u></u>	<u><u>(44,492)</u></u>	<u><u>6,842,268</u></u>
8.	Revenue Reserves		2013	2012
			£	£
	At 1 April 2012		6,089,552	5,410,013
	Statement of Total Recognised Gains and Losses		755,288	618,940
			<u>6,844,840</u>	<u>6,028,953</u>
	Transfer from designated reserves		44,492	60,599
			<u>6,889,332</u>	<u>6,089,552</u>
	At 31 March 2013		<u><u>6,889,332</u></u>	<u><u>6,089,552</u></u>
	Split as:			
	At 31 March 2013			
	Revenue reserve (excluding pension reserve)		6,937,332	6,113,552
	Pension reserve		(48,000)	(24,000)
			<u>6,889,332</u>	<u>6,089,552</u>
			<u><u>6,889,332</u></u>	<u><u>6,089,552</u></u>

Notes on the Financial Statements
For the year ended 31 March 2013

9. Tangible Fixed Assets	Housing stock for let							Total £
	Completed £	Under Construction £	Completed £	Under Construction £	Commercial Properties £	Office Premises £	Furniture & Fittings £	
Cost								
At start of year	74,701,768	1,260,500	3,698,781	-	967,932	2,490,449	214,629	146,516
Additions during year	559,878	7,855,794	-	-	13,392	34,720	10,760	14,580
Transfers	76,209	-	(76,209)	-	-	-	-	-
Disposals	(303,109)	-	-	-	-	-	-	-
At end of year	75,034,746	9,116,294	3,622,572	-	981,324	2,525,169	225,389	161,096
Depreciation								
At start of year	5,880,608	-	345,222	-	53,855	145,914	211,068	139,221
Charge for year	809,613	-	7,514	-	16,724	43,529	14,321	21,875
Transfers	7,053	-	(7,053)	-	-	-	-	-
On disposals	(28,011)	-	-	-	-	-	-	-
At end of year	6,669,263	-	345,683	-	70,579	189,443	225,389	161,096
SHG and other Grants								
At start of year	44,207,198	126,123	3,279,723	-	-	-	-	-
Received during year	436,275	3,578,815	-	-	-	-	-	-
Transfers	65,594	-	(65,594)	-	-	-	-	-
Disposals	(253,780)	-	-	-	-	-	-	-
At end of year	44,455,287	3,704,938	3,214,129	-	-	-	-	-
Net Book Value								
At end of year	23,910,196	5,411,356	62,760	-	910,745	2,335,726	-	-
At beginning of year	24,613,962	1,134,377	73,836	-	914,077	2,344,535	3,561	7,295

Development Administration costs capitalised amount to £410,475 (2012: £312,296) for which Social Housing Grant of £Nil (2012: £Nil) was received in the year. £287,698 of expenditure on new components was capitalised in the year. Two units were sold via right to buy in the year for total proceeds of £78,467. The costs of the units were £80,984 with a net book value of £21,318.

Notes on the Financial Statements
For the year ended 31 March 2013

10. Investments

	2013 £	2012 £
Investment in subsidiary undertakings	2	2

Shettleston Housing Association Limited owns 1 ordinary £1 share in Upkeep Shettleston Community Enterprises Limited. The investment is held at cost. This represents a 100% shareholding in Upkeep Shettleston Community Enterprises Limited, a company registered in Scotland, whose principal activity is the provision of estate caretaker services. Upkeep Shettleston Community Enterprises Limited made a profit of £15,223 (2012: £16,026) for the year ended 31 March 2013 and had net assets of £82,254 (2012: £67,031).

Shettleston Housing Association Limited owns 1 ordinary £1 share in East End Housing Development Company Limited. The investment is held at cost. This represents a 100% shareholding in East End Housing Development Company Limited, a company registered in Scotland. This company rents out property. East End Housing Development Company Limited made a profit of £1,140 (2012: £233) for the year ended 31 March 2013 and had net assets of £2,575 (2012: £1,435).

11. Debtors

	2013 £	2012 £
Amounts falling due within one year:		
Rental arrears	356,765	336,246
Less: provision for bad debts	(177,554)	(159,600)
	<u>179,211</u>	<u>176,646</u>
Amounts owed by subsidiaries	309,507	306,603
Social Housing Grant receivable	599,832	28,355
Other debtors and prepayments	377,266	345,727
Taxation recoverable	6,292	6,292
VAT Debtor	24,145	14,955
	<u>1,496,253</u>	<u>878,578</u>

Included in amounts owed by subsidiaries is £230,891 (2012: £228,210) which is due in more than one year.

12. Creditors – Amounts falling due within one year

	2013 £	2012 £
Trade creditors	1,441,985	151,326
Amounts owed to subsidiaries	118,217	149,421
Other creditors	488,905	351,578
Rent in advance	258,163	272,992
Capital works and retentions	140,194	189,858
Other taxes and social security	50,886	44,154
	<u>2,498,350</u>	<u>1,159,329</u>

Notes on the Financial Statements
For the year ended 31 March 2013

13. Creditors – Amounts falling due outwith one year	2013	2012
	£	£
Loans:		
Due between one and two years	-	-
Due between two and five years	-	-
Due in five years or more	19,600,000	17,100,000
	<u>19,600,000</u>	<u>17,100,000</u>
	<u>19,600,000</u>	<u>17,100,000</u>

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

14. Share Capital	2013	2012
	£	£
At beginning of year	295	309
Shares of £1 each fully paid and issued during the year	6	2
Shares forfeited in year	(24)	(16)
	<u>277</u>	<u>295</u>
At end of year	<u>277</u>	<u>295</u>

Each share entitles a member to one vote. There is no right to any distribution.

15. Directors' Emoluments

The directors are defined as the members of the Management Committee, the Chief Executive and any other person reporting directly to the Chief Executive or the Management Committee. The Chief Executive's and Financial Manager's total emoluments exceeded £60,000 in the year. No emoluments were paid to any member of the Management Committee during the year.

	2013	2012
	£	£
Emoluments (excluding pension contributions) of Chief Executive	74,698	70,524
	<u>74,698</u>	<u>70,524</u>
Numbers of Directors whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):-	2013	2012
	Number	Number
£60,001 - £65,000	1	-
£70,001 - £75,000	1	1
	<u>1</u>	<u>1</u>

The Chief Executive and Finance Manager are ordinary members of the Scottish Housing Association Pension Scheme (SHAPS) described in note 19. No enhanced or special terms apply to membership and they have no other pension arrangements to which the Association contributes. The Association's contribution for the Chief Executive in the year amounted to £13,678 (2012: £13,344), and its contribution for the Finance Manager in the year amounted to £11,204. These contributions include past service deficit contributions.

Notes on the Financial Statements
For the year ended 31 March 2013

16. Employee Information	2013 Number	2012 Number
The average number of persons employed by the Association during the year on a full time equivalent basis is:		
Housing	16	15
Maintenance	10	10
Development	4	3
Finance	6	5
Administration	6	7
Factoring	8	1
Housing Support	1	4
Wider Role	4	2
Welfare Rights	3	2
	<u>54</u>	<u>49</u>
	2013 £	2012 £
Staff costs (including directors' emoluments):		
Wages and salaries	1,755,532	1,526,924
Social security costs	152,655	129,822
Pension costs	236,178	225,318
FRS 17 pension charge (Note 19)	(12,000)	(10,000)
	<u>2,132,365</u>	<u>1,872,064</u>
	2013 £	2012 £
17. Operating Surplus		
Operating surplus is stated after charging:		
Depreciation	913,576	986,476
Auditor's remuneration (excluding VAT)		
- In their capacity as auditors	10,500	10,250
- In respect of other services	1,500	3,000
	<u>925,576</u>	<u>1,022,726</u>
	2013 £	2012 £
18. Capital Commitments		
Contracted for but not provided in these accounts	6,401,132	6,249,632
This is to be funded by:		
HAG	1,135,000	-
Private Finance	5,176,132	4,479,632
Other grants	90,000	1,450,000
Owners' contributions	-	320,000
	<u>6,401,132</u>	<u>6,249,632</u>
Approved by the management committee but not contracted for	<u>525,000</u>	<u>-</u>

**Notes on the Financial Statements
For the year ended 31 March 2013**

19. Pensions

Scottish Housing Association Pension Scheme (SHAPS)

Shettleston Housing Association Limited (the "Association") participates in the Scottish Housing Association Pension Scheme (SHAPS) (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme and from April 2008 there are five benefit structures available, namely:

- (a) Final salary with a 1/60th accrual rate;
- (b) Career average revalued earnings with a 1/60th accrual rate;
- (c) Career average revalued earnings with a 1/70th accrual rate;
- (d) Career average revalued earnings with a 1/80th accrual rate; and
- (e) Career average revalued earnings with a 1/120th accrual rate, contracted-in.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join. The Association has chosen to operate the Final salary with a 1/60th accrual rate structure.

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

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2011. 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 £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

The Scheme's 30 September 2012 valuation is currently in progress and will be finalised by 31 December 2013.

During the accounting period, Shettleston Housing Association Limited paid contributions at the rate of 9.6%. Member contributions were 9.6%. A past service deficit contribution of £109,058 (2012: £92,878) was paid by the Association in the year ended 31 March 2013 in order to address the deficit that exists in the Scheme.

As at the balance sheet date there were 33 active members of the Scheme employed by Shettleston Housing Association Limited. Shettleston Housing Association Limited continues to offer membership of the Scheme to its employees.

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared to liabilities of £160 million (equivalent to a past service funding level of 64.8%).

**Notes on the Financial Statements
For the year ended 31 March 2013**

19. Pensions (continued)

Financial Assumptions

The financial assumptions underlying the valuation were as follows:-	% pa
- Investment return pre-retirement	7.4
- Investment return post retirement – Non pensioners	4.6
Pensioners	4.8
- Rate of salary increases	4.5
-	
Rate of pension increases -pension accrued pre 6 April 2005	2.9
-pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5%)	
- Rate of price inflation	3.0

The valuation was carried out using the SAPS (SP1A) All Pensions Year of Birth Long Cohort with 1% per annum minimum improvement for pensioners and non-pensioners.

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

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of 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 amount 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 2012. As of this date the estimated employer debt for the Association has been calculated as £8,010,549.

The Association does not intend to withdraw from the scheme and the trustee has confirmed that there is no intention to wind up the Scheme.

Notes on the Financial Statements
For the year ended 31 March 2013

19. Pensions (continued)

Strathclyde Pension Fund

Shettleston Housing Association Limited participates in 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. Six members of staff are members of the Scheme.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their 2013 FRS 17 valuations are as follows;

Assumptions as at	31 March 2013	31 March 2012
Price increases	2.8%	2.5%
Salary increases	5.1%*	4.8%*
Expected return on assets	5.2%	5.8%
Discount rate	4.5%	4.8%

*Salary increases are assumed to be 1% per annum until 31 March 2015, reverting to the long term assumption shown above thereafter.

Mortality

Life expectancy for both current and future pensioners is based on the year of birth, medium cohort lagged for 10 years and minimum improvements from 2011 of 1% per annum for males and 0.70% per annum for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.0 years	23.4 years
Future Pensioners	23.3 years	25.3 years

Notes on the Financial Statements
For the year ended 31 March 2013

19. Pensions (continued)

Scheme assets

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

	Long term rate of return 31 March 2013	Value at 31 March 2013 (£'000)	Long term rate of return 31 March 2012	Value at 31 March 2012 (£'000)
Equities	5.7%	659	6.3%	566
Bonds	3.4%	121	3.9%	81
Property	3.9%	61	4.4%	52
Cash	3%	26	3.5%	37
Total		<u>867</u>		<u>736</u>
Present value of scheme liabilities		<u>(915)</u>		<u>(760)</u>
Net pension liability		<u><u>(48)</u></u>		<u><u>(24)</u></u>

Reconciliation of defined benefit obligation

Year Ended:	31 Mar 2013 £(000)	31 Mar 2012 £(000)
Opening Defined Benefit Obligation	760	596
Current Service Cost	37	36
Interest Cost	37	34
Contributions by Members	11	10
Actuarial Losses/(Gains)	110	86
Past Service Costs/(Gains)	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(40)	(2)
Closing Defined Benefit Obligation	<u><u>915</u></u>	<u><u>760</u></u>

Notes on the Financial Statements
For the year ended 31 March 2013

19. Pensions (continued)

Reconciliation of fair value of employer assets

Year Ended:	31 Mar 2013	31 Mar 2012
	£(000)	£(000)
Opening Fair Value of Employer Assets	736	649
Expected Return on Assets	43	47
Contributions by Members	11	10
Contributions by the Employer	49	46
Contributions in respect of Unfunded Benefits	-	-
Actuarial Gains/(Losses)	68	(14)
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(40)	(2)
Closing Fair Value of Employer Assets	<u>867</u>	<u>736</u>
Net pension liability	<u>(48)</u>	<u>(24)</u>

Analysis of amounts included in Income & Expenditure Account

	2013	2012
	£(000)	£(000)
Expected return on pension scheme assets	43	47
Interest on pension scheme liabilities	(37)	(34)
Net Return – finance charge	<u>6</u>	<u>13</u>

	2013	2012
	£(000)	£(000)
Current service cost	37	36
Past service cost	-	-
Contribution by employers	(49)	(46)
Credit to staff costs	<u>(12)</u>	<u>(10)</u>

The expected Employee's contributions for the year to 31 March 2014 will be approximately £47,000.

Notes on the Financial Statements
For the year ended 31 March 2013

19. Pensions (continued)

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

	2013	2012
	£(000)	£(000)
Actual return less expected return on scheme assets	68	(14)
Changes in assumptions underlying the present value of scheme liabilities	(110)	(86)
	<u> </u>	<u> </u>
Actuarial loss recognised in statement of recognised gains and losses	(42)	(100)
	<u> </u>	<u> </u>

20. Housing Stock

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

	Units in Management	
	2013	2012
General Needs Housing	2,262	2,261
Supported Housing Accommodation	-	-
Shared Ownership Accommodation	49	50
	<u> </u>	<u> </u>
	<u>2,311</u>	<u>2,311</u>

21. Other property

The other property held by the Association was as follows:-

	Units in Management	
	2013	2012
Commercial units	11	10
Garages	16	16
Main Office	1	1
	<u> </u>	<u> </u>
	<u>28</u>	<u>27</u>

**Notes on the Financial Statements
For the year ended 31 March 2013**

22. Legislative Provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965.

23. Related Party Transactions

Upkeep Shettleston Community Enterprises Limited

During the year, Shettleston Housing Association Limited incurred salary costs of £203,225 (2012: £137,400) on behalf of Upkeep Shettleston Community Enterprises Limited. This was recharged by the Association to Upkeep Shettleston Community Enterprise Limited.

Shettleston Housing Association Limited received £10,000 (2012: £nil) in Gift Aid from Upkeep Shettleston Community Enterprises Limited.

The balance owed to the Association by Upkeep Shettleston Community Enterprises Limited at 31 March 2013 was £77,114 (2012: £71,713). This is included within debtors at the year end.

Upkeep Shettleston Community Enterprises Limited provided services of £1,546,584 (2012: £1,203,395) in the year to Shettleston Housing Association Limited. These services included close and backcourt cleaning, void property clearance and environmental works. The balance owed by the Association to Upkeep Shettleston Community Enterprises Limited at 31 March 2013 was £118,217 (2012: £149,421).

East End Housing Development Company Limited

Shettleston Housing Association Limited has another subsidiary, East End Housing Development Company Limited. One property was included in a refurbishment project during the year financed by a commercial loan of £2,681 from the Association. The balance owed to the Association at 31 March 2013 in respect of this and previous loans was £230,891 (2012: £228,210). Interest charged on these loans during the year was £10,940 (2012: £9,670).

Shettleston Housing Association collected rental income on behalf of East End Housing Development Company Limited during the year. This was paid over to East End Housing Development Company Limited throughout the year.

The balance owed to the Association at 31 March 2013 was £1,502 (2012: £6,680). This is included within amounts owed by subsidiaries in debtors.

24. Taxation

As a charity, Shettleston Housing Association Limited's charitable activities are not subject to taxation. However the surpluses from non-charitable activities are subject to taxation.

