



Scott-Moncrieff
business advisers and accountants

SHETTLESTON HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2015

**The Scottish Housing Regulator Housing (Scotland) Act 2010
Registered number 183**

SHETTLESTON HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2015

	Page
Members, Executives and Advisers	1
Report of the Management Committee	2 - 8
Report of the Auditor	9
Auditor's Report on Corporate Governance Matters	10
Income and Expenditure Account	11
Statement of Total Recognised Gains and Losses	12
Balance Sheet	13
Cash Flow Statement	14-16
Notes to the Financial Statements	17-36

Registration information

Financial Conduct Authority

Co-operative and Community Benefit Societies
Act 2014
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 2015

Members, Executives and Advisers

Management Committee

Annie McAllister	(Chairperson)
John Hastie	(Vice-Chairperson)
Mary Thomas	(Secretary)
Morag Allan	
Betty Finnen	
Nan Sangster	
Gillian Johnston	
Jemima Pryce	(Resigned 3 March 2015)
Lesley Scoffield	(Resigned 4 September 2014)
James Tominey	
Tom McDonald	(Resigned 3 June 2014)
Alex McWhinnie	(Resigned 16 March 2015)
Mary Hain	
Margaret Russell	
Patrick McDonagh	
Grace Barbour	
Donna McGill	(Appointed 4 September 2014)
Patricia McLeish	(Appointed 4 September 2014)
John Morrison	(Appointed 4 September 2014)

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

Shepherd & Wedderburn LLP
191 West George Street
Glasgow
G2 2LB

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

The Management Committee presents its report and audited financial statements for the year ended 31 March 2015.

Principal Activity

The principal activity of the Association is the provision of social rented accommodation.

Review of the Business and Future Developments

At the commencement of the 2014/15 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 at the end of each quarter.

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

- Our first new build development of 24 mid-market rental units at Pettigrew Street was completed in April 2014. These units offer tenants, on modest incomes, access to good quality, affordable, rented accommodation and is the first such development in the East End of Glasgow.

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

Review of the Business and Future Developments (Cont'd)

- The Association successfully negotiated additional loan facilities to allow us to continue to regenerate the Shettleston area by building new affordable homes for our community to rent. Our new-build programme includes sites at Fernan Street, Fenella Street, Carntyne Parish Church and St Mark Street. The additional borrowing also allowed the Association to participate in the Glasgow City Council's Acquisition Strategy in 2014/15. Whilst the acquisition costs are funded by the Council, the Association will fund fifty per cent of the improvement work. This has resulted in five additional properties being offered at social rent and in an improved condition to our waiting list applicants. These strategies pursued by the Association are in accordance with our Survey carried out in 2014, whereby our tenants identified their top three priorities as building new affordable homes, improving the quality of the wider environment and regenerating local communities.
- The Fernan Street new build development commenced in December 2014. This £3 million scheme will result in twenty nine high quality new homes available for rent in our community. The project is due to complete in November 2015.
- Detailed progress has been made on new projects at Carntyne Parish Church, Fenella St and the site of the old St Mark's school.
- The Association neared the completion of its work on the rehabilitation of the steel estate in Springboig. Given the additional funding made available from CESP/ECO and HEEPS it has been possible to modernise more properties than was originally anticipated and the contract was completed by May 2015.
- All financial targets and covenant requirements were met, or improved on, during 2014/15.
- The numbers and attendance on the Management Committee remained positive throughout the year.
- The Association completed the first ARC report for the Scottish Housing Regulator in May 2014. We received our first Regulator Landlord Report in August 2014 and we were pleased that the Association surpassed the Scottish average in the vast majority of indicators.
- Phase 1 of a £921,000 window replacement contract started in 2014 and by March 2015 one hundred and fifty properties have had new, timber double glazed windows fitted.
- Phase 1 of a bathroom replacement project resulted in bathroom upgrades in 92 inter war properties.
- "Secure by Design" oak doors were installed in 234 properties within the Greenfield and Shettleston areas.
- Following a successful pilot of close noticeboards towards the end of 2014 it was decided to install these in all our closes. These will provide information to residents on cyclical and planned maintenance services that are taking place in the building.
- The Association received positive feedback from the Investors in People assessment in January 2015. The Association retained our Gold Standard award.
- Shettleston Housing Association was awarded runner up in Tenant Participation Champion of the Year 2014 at the national awards ceremony hosted by the Tenant Participation & Advisory Service (TPAS) in recognition of the work done by Management Committee and staff involving tenants across all service areas.

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

Review of the Business and Future Developments (Cont'd)

- The Association also came runner up in Best Practice for Developing Communities at this national award ceremony and were pleased with this recognition given the level of competition for this award.
- Association tenants in our Steel Estate properties assisted a pilot impact assessment study, carried out by Glasgow City Council in conjunction with Strathclyde University, to examine the effects of retrofitting insulation in a variety of hard to heat properties. The information gathered will be used to show which insulation provides the greatest improvements in energy efficiency and living conditions. The project would not have been possible without our tenants' assistance.
- We established a new charitable subsidiary, Upkeep Recycling, to manage our recycling and reuse activities. It now has four shops which offer furniture at low cost and provides beneficial voluntary opportunities to help people build skills and confidence and, where appropriate, move towards paid employment.
- Our subsidiaries Upkeep and Upkeep Recycling received funding from the Big Lottery and Connect funds to enable them to offer people in our community high quality, yet low cost, second hand white goods which have been fully tested and come with a guarantee.
- Following a successful bid to the Big Lottery Fund's "Investing in Communities" the Association employed two Financial Inclusion Officers in June 2014, to work in the Association for the next 5 years. The Shettleston Money Advice Service (SHAMAS) will benefit Shettleston residents with financial inclusion and income maximisation through access to appropriate and effective money advice. This will aid the Association in its strategy to help residents cope with the impact of welfare reform, benefits cuts and give residents access to IT skills to help them prepare for the future change to Universal credit.
- East End Development Company acquired one property for market rent.
- The Association acquired the former lighting building at the corner of Shettleston Road and Old Shettleston Road. Due to structural problems the building was demolished. A mural was commissioned on the remaining gable tenement wall and the area was landscaped pending a decision on the long term viability of the site. This work has enhanced the entrance to the Shettleston area and has been welcomed by residents in our community.
- £3,600 was received in funding from Glasgow City Council's East Area Committee to help towards the start-up costs for the new Men's Shed project. This project is part of our wider role commitment to our area and is aimed at combating isolation for retired men by giving them a designated space to pursue projects, improve computer skills and a social area to meet new friends.
- Our Shettleston Energy Advice (SEA) project received extended funding, enabling it to continue providing energy advice to local people. The project was due to conclude in March, 2015, however, we were very pleased to receive further funding from the Climate Challenge Fund which allows the project to run until March 2016. As part of the new funding package the focus and priority will slightly change with new tenants and those with problems with disconnections and fuel debt being prioritised. The SEA team will also be directing a programme of draught proofing workshops.
- The Shettleston Community Growing Project (SCGP) had its fourth 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. The project was delighted to be adopted by a local retailer as their charity for 2014/15. In March 2015, in conjunction with the Association's SEA project, an event entitled the "Big Shettleston Sleepover" was held at the project to raise awareness of fuel poverty and to raise funds to help keep people warm in winter. The Growing Project continues to be a successful community controlled regeneration project in the Shettleston area.

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

Review of the Business and Future Developments (Cont'd)

- The Association continued to work with the Fuse project, through our Wider Role Manager and Shettleston Community Growing. In 2014 following a successful bid to the Heritage Lottery Fund, in conjunction with Fuse and the Shettleston History Project, we were able to launch a legacy project entitled "Walking Back to the Future", which was completed in time for the Commonwealth Games and brought visitors into our area by putting Shettleston on the map.
- Following an upgrade to our IT system the Association in 2014/15 has developed a suite of reports to facilitate performance monitoring and reporting mechanisms to be in place.
- The Association continues to promote contact with our community and wider audience via social media. During 2014/15 a total of 916 users connected to both our Twitter and Facebook accounts. This is an increase in followers since the previous year and is an effective way for the Association to keep local people updated on issues and services on a daily basis. It also facilitates feedback to the Association.
- The Association has made considerable progress in meeting the outcomes of the Social Housing Charter. The *How Well Did We Do* customer satisfaction feedback cards were first issued by the Association in July 2012 and during 2014/15 we were pleased to see a steady increase in feedback. During last year we received 1,011 responses, measuring overall satisfaction with service delivery and allowing tenants to give us feedback or become more involved in the work of the Association. The Association also held a consultation event and published its Performance Report in November 2014. The Regulator's Landlord report and our Performance report were sent to all tenants, factored owners and SHA members. At the event and via a postal consultation exercise the Association received valuable feedback and reassurance that our reporting appears to be meeting the needs and wishes of our clients.

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.
- Sound and consistent governance by the governing body was maintained.

Finally, the Association carried out a major review of its Governance arrangements in order to ensure that it would meet the requirements of the Scottish Housing Regulator by the due date of April 2015.

As part of this review the following work was completed:

- New Rules, based on the new Model Rules approved by the Regulator, were formally adopted at a Special General Meeting in September 2014
- Revised Standing Orders, to fit with the new Rules, were adopted in December 2014.
- A new Committee appraisal mechanism, to meet the requirements of the new Rules, was developed, adopted and implemented before the end of the financial year. The first individual appraisals of Committee members took place in March 2015.
- New arrangements were agreed for the recruitment and election of Committee members, again in compliance with the new Rules.

**Report of the Management Committee
For the year ended 31 March 2015****Review of the Business and Future Developments (Cont'd)**

Although SHA met the majority of its targets for 2014/15, 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.

- We did not achieve 100% success in carrying out gas safety checks on our properties. The Association managed to complete checks on 99.1% of its properties within the required timescales. The shortfall was due to tenants failing to provide access to enable the Association to carry out the inspection by the due anniversary date.
- Urgent repairs did not meet the key performance target of 95%. Cumulatively 93.5% of urgent repairs were carried out within four days.
- Emergency repairs over the year did not quite meet the key performance target of 100%. Over the course of the year 99% were completed within the twelve hours timescale.
- Performance against the five day void target was also not fully met. Cumulatively 91.5% of voids, identified in this category of void, had work completed within five days.
- Current tenant non-technical arrears as a percentage of gross rent failed to meet the 3% target in the last quarter. The level of arrears, net of housing benefit, was 3.04%.
- The revision and updating of a number of policies was not complete.
- The detailed review of procedures continues to progress, covering all functions of the Association, but has not been finalised.

Proposals to address all these outstanding issues are included in the actions for the year 2015/16.

The Annual General Meeting was held in September 2014 and four members, having retired by rotation, offered themselves for re-election and were duly elected for a further term. In addition, the Association welcomed three new members to the Committee.

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.

Internal Financial Controls

The Management Committee 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.

It is the Management Committee'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.

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

Internal Financial Controls (cont'd)

- (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 Management Committee 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 Management Committee 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 Corporate Services Sub-Committee.
- (f) The Management Committee 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 auditor and the internal auditor.

The Management Committee have reviewed the effectiveness of the system of internal control in existence in the Association for the year ended 31 March 2015. During the year, the Association was the subject of a potential fraud by a third party from outside the Association. Although the attempt was thwarted and no loss occurred, some internal controls were changed with the assistance of our external auditor in order to improve the Association's defences against any similar future attempts. Apart from that, 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.

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 Management Committee
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 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.

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

^{MT}
X *Mary Thomas* X

Mary Thomas
Secretary

Dated: 7 July 2015

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 2015 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 the Co-operative and Community Benefit Society 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 Management Committee and the 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 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

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/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

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

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 Society 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
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Dated: 7 July 2015

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 statements on pages 6 and 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements 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 6 and 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Dated: 7 July 2015

Income and Expenditure Account
For the year ended 31 March 2015

	Notes	2015 £	2014 £
Turnover	2	8,307,186	7,819,207
Operating costs	2	(6,554,709)	(6,181,587)
Operating surplus	2	1,752,477	1,637,620
Gain on disposal of fixed assets		120,572	153,481
Interest receivable and other income	5	47,510	23,540
Interest payable and similar charges	6	(1,124,338)	(843,334)
Gift aid	23	20,000	50,000
Surplus for the year		<u>816,221</u>	<u>1,021,307</u>

The results for the year relate wholly to continuing activities.

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

	2015 £	2014 £
Retained surplus for the year	816,221	1,021,307
Actuarial loss recognised in the retirement benefit scheme (Note 19)	<u>(106,000)</u>	<u>(30,000)</u>
Total recognised gains and losses relating to the year	<u><u>710,221</u></u>	<u><u>991,307</u></u>

The notes form part of these financial statements

Balance Sheet
As at 31 March 2015

	Notes	2015 £	2014 £
Tangible fixed assets			
Housing properties – cost less depreciation	9	90,869,508	88,357,407
Less SHG and other grants	9	(55,280,453)	(54,581,873)
		<u>35,589,055</u>	<u>33,775,534</u>
Other fixed assets	9	5,248,012	3,477,631
		<u>40,837,067</u>	<u>37,253,165</u>
Investments			
Investments in subsidiaries	10	2	2
Current assets			
Debtors due in less than one year	11	799,289	1,972,442
Debtors due in more than one year	11	461,698	406,578
Cash at bank and in hand		436,437	1,115,389
		<u>1,697,424</u>	<u>3,494,409</u>
Creditors: amounts falling due within one year	12	(1,442,073)	(1,350,879)
Net current assets		<u>255,351</u>	<u>2,143,530</u>
Total assets less current liabilities		<u>41,092,420</u>	<u>39,396,697</u>
Creditors: amounts falling due after more than one year	13	(25,487,500)	(24,600,000)
Retirement benefit scheme liability	19	(171,000)	(73,000)
Net assets		<u>15,433,920</u>	<u>14,723,697</u>
Capital and reserves			
Share capital	14	266	271
Designated reserves	7	6,623,394	6,732,831
Revenue reserve	8	8,980,734	8,063,076
Pension reserve	8	(171,000)	(73,000)
Capital redemption reserve		526	519
		<u>15,433,920</u>	<u>14,723,697</u>

The financial statements were authorised for issue by the Management Committee on 7 July 2015 and were signed on its behalf by:

Annie McAllister ✕ *Annie McAllister* ✕ Chairperson

John Hastie ✕ *John Hastie* ✕ Vice-Chairperson

Mary Thomas ✕ *Mary Thomas* ✕ Secretary

The notes form part of these financial statements

Cash Flow Statement
For the year ended 31 March 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities	1	4,182,439	662,070
Returns on investments and servicing of finance	2	(1,090,828)	(823,794)
Capital expenditure	2	(4,658,065)	(5,474,589)
		<u>(1,566,454)</u>	<u>(5,636,313)</u>
Financing	2	887,502	5,000,006
Decrease in cash	4	<u>(678,952)</u>	<u>(636,307)</u>

The notes form part of these financial statements

Notes to the 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	1,752,477	1,637,620
Impairment of fixed assets	208,687	-
Depreciation	986,048	1,005,688
Decrease / (increase) in debtors	1,118,033	(882,767)
Increase) / (decrease) in creditors	91,194	(1,147,471)
Non cash FRS 17 pension movement in staff costs	6,000	(1,000)
Gift aid	20,000	50,000
	<u>4,182,439</u>	<u>662,070</u>

2) Gross Cash Flows

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received on deposits/loans to subsidiaries	33,510	19,540
Interest paid	(1,124,338)	(843,334)
	<u>(1,090,828)</u>	<u>(823,794)</u>

	2015 £	2014 £
Capital expenditure		
Purchase and development of housing properties	(6,292,481)	(9,189,224)
SHG and other grants received	1,849,469	3,779,014
Sale of properties	192,185	365,511
HAG repayable on disposal	-	(73,614)
Payments to acquire other tangible fixed assets	(407,238)	(356,276)
	<u>(4,658,065)</u>	<u>(5,474,589)</u>

	2015 £	2014 £
Financing		
Issue of ordinary share capital	2	6
Loans received	1,000,000	5,000,000
Arrangement fee	(112,500)	-
	<u>887,502</u>	<u>5,000,006</u>

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

3) Analysis of Changes in Net Debt	At 31 March 2014 £	Cash Flow £	At 31 March 2015 £
Cash in hand, at bank	1,115,389	(678,952)	436,437
	<u>1,115,389</u>	<u>(678,952)</u>	<u>436,437</u>
Debt due within 1 year	-	-	-
Debt due after 1 year	(24,600,000)	(887,500)	(25,487,500)
	<u>(23,484,611)</u>	<u>(1,566,452)</u>	<u>(25,051,063)</u>

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

	2015 £	2014 £
(Decrease) for the year	(678,952)	(636,307)
Loan received	(887,500)	(5,000,000)
	<u>(1,566,452)</u>	<u>(5,636,307)</u>
Net debt at 1 April 2014	<u>(23,484,611)</u>	<u>(17,848,304)</u>
Net debt at 31 March 2015	<u>(25,051,063)</u>	<u>(23,484,611)</u>

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

1. Accounting policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in paragraphs (c) to (m) 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 anticipates that a surplus will be generated in the year to 31 March 2016 and the year to 31 March 2017. 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 Glasgow City Council 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 2015

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 Premises	- 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 2015**

1. Accounting policies (continued)

3. Commercial properties

Commercial properties are dealt with as investment properties in accordance with Statement of Standard Accounting Practice No 19 and are valued, with any surplus or impairment being transferred to a revaluation reserve unless it is to reverse a previous charge to the Income and Expenditure Account in which case it is recognised in the Income and Expenditure Account. Any impairment charge that exceeds the revaluation reserve balance is charged to the Income and Expenditure Account. No provision is made for potential tax liabilities which arise on the realisation of properties at the values shown in the financial statements.

(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 the Revenue Reserve as appropriate.

(iii) SST Properties Reserve

The reserve comprises the dowry provided by Glasgow Housing Association Limited 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. 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.

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

1. Accounting policies (continued)

(j) Pensions (note 19) (continued)

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.

(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.

(l) Lessor

The Association rents out commercial property under formal leases. The rental income is recognised within other activities (note 4) on an accruals basis.

(m) Consolidation

The Association and its subsidiary undertakings comprise a group. The accounts represent the results of the Association and not of the group. Consolidated group accounts have been prepared and are publicly available.

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

2. Particulars of Turnover, Operating Costs and Operating Surplus

Income and Expenditure
From lettings

	2015 Turnover £	2015 Operating Costs £	Operating Surplus £	Turnover £	2014 Operating Costs £	Operating Surplus £
Social Lettings (Note 3)	7,726,316	5,419,211	2,307,105	7,345,584	5,233,917	2,111,667
Other activities (Note 4)	580,870	1,135,498	(554,628)	473,623	947,670	(474,047)
	<u>8,307,186</u>	<u>6,554,709</u>	<u>1,752,477</u>	<u>7,819,207</u>	<u>6,181,587</u>	<u>1,637,620</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					
Rent receivable net of service charges	7,369,103	-	103,223	7,472,326	7,127,409
Service charges	285,234	-	7,452	292,686	297,134
	<u>7,654,337</u>	<u>-</u>	<u>110,675</u>	<u>7,765,012</u>	<u>7,424,543</u>
Gross income from rents and service charges					
Less voids	(38,696)	-	-	(38,696)	(78,959)
	<u>7,615,641</u>	<u>-</u>	<u>110,675</u>	<u>7,726,316</u>	<u>7,345,584</u>
Net income from rents and service charges					
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
	<u>7,615,641</u>	<u>-</u>	<u>110,675</u>	<u>7,726,316</u>	<u>7,345,584</u>
Total turnover from social letting activities					
Expenditure					
Management and maintenance administration costs	1,829,368	-	33,592	1,862,960	2,061,373
Service charges	718,553	-	10,442	728,995	675,406
Planned cyclical maintenance including major repairs	725,892	-	10,141	736,033	552,109
Reactive maintenance costs	732,377	-	10,643	743,020	868,292
Bad debts – rents and service charges	17,992	-	-	17,992	27,541
Depreciation	965,489	-	9,307	974,796	880,572
Property Insurance	144,626	-	2,102	146,728	168,624
Impairment Charge	208,687	-	-	208,687	-
	<u>5,342,984</u>	<u>-</u>	<u>76,227</u>	<u>5,419,211</u>	<u>5,233,917</u>
Operating costs for social letting activities					
Operating Surplus on letting activities, 2015					
	<u>2,272,657</u>	<u>-</u>	<u>34,448</u>	<u>2,307,105</u>	
Operating Surplus on letting activities, 2014					
	<u>2,081,675</u>	<u>-</u>	<u>29,992</u>		<u>2,111,667</u>

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

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)	
	£	£				2015	2014			2015	2014
Wider role activities #	-	181,951	-	-	181,951	107,340	-	370,808	(188,857)	(101,814)	
Care and repair of property	-	-	-	-	-	-	-	-	-	-	
Factoring	-	-	-	50,927	50,927	50,425	-	97,804	(46,877)	(26,782)	
Development and construction of property activities	-	-	-	-	-	-	-	-	-	(774)	
Support activities	-	-	121,093	-	121,093	86,509	-	506,965	(385,872)	(375,165)	
Care activities	-	-	-	-	-	-	-	-	-	-	
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-	
Furniture Packages	-	-	-	-	-	-	-	14,818	(14,818)	-	
Adaptations	104,448	-	-	-	104,448	177,412	-	145,103	(40,655)	(4,208)	
Commercial rent	-	-	-	122,451	122,451	51,937	-	-	122,451	34,696	
Total from other activities, 2015	104,448	181,951	121,093	173,378	580,870	580,870	-	1,135,498	(554,628)	-	
Total from other activities, 2014	177,412	107,340	86,509	102,362	473,623	473,623	18,030	929,640	(474,047)	-	
#	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 2015

5.	Interest Receivable and Other Income	2015	2014
		£	£
	Interest receivable on deposits	10,425	5,739
	Interest received on loans to subsidiaries	23,085	13,801
	FRS 17 finance charge (Note 19)	14,000	4,000
		<u>47,510</u>	<u>23,540</u>
		<u><u>47,510</u></u>	<u><u>23,540</u></u>
6.	Interest Payable and Similar Charges	2015	2014
		£	£
	On private loans	1,124,338	843,334
		<u>1,124,338</u>	<u>843,334</u>
		<u><u>1,124,338</u></u>	<u><u>843,334</u></u>
7.	Designated Reserves	Opening Balance	Transfers
		£	£
	Cyclical maintenance	1,412,079	-
	Furniture Reserve	91,795	-
	SST Properties Reserve	5,228,957	(109,437)
		<u>6,732,831</u>	<u>(109,437)</u>
		<u><u>6,732,831</u></u>	<u><u>(109,437)</u></u>
8.	Revenue Reserves	2015	2014
		£	£
	At 1 April 2014	7,990,076	6,889,332
	Statement of Total Recognised Gains and Losses	710,221	991,307
		<u>8,700,297</u>	<u>7,880,639</u>
	Transfer from designated reserves	109,437	109,437
		<u>8,809,734</u>	<u>7,990,076</u>
	At 31 March 2015	<u><u>8,809,734</u></u>	<u><u>7,990,076</u></u>
	Split as:		
	At 31 March 2015		
	Revenue reserve (excluding pension reserve)	8,980,734	8,063,076
	Pension reserve	(171,000)	(73,000)
		<u>8,809,734</u>	<u>7,990,076</u>
		<u><u>8,809,734</u></u>	<u><u>7,990,076</u></u>

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

9. Tangible Fixed Assets	Housing stock for let		Shared Ownership		Investment Properties £	Office Premises £	Furniture & Fittings £	Computer Equipment £	Total £
	Completed £	Under Construction £	Completed £	Under Construction £					
Cost									
At start of year	85,786,247	6,919,782	3,474,712	-	967,932	2,749,226	227,825	304,271	100,429,995
Additions during year	4,111,640	2,180,841	-	-	338,343	-	8,407	60,488	6,699,719
Transfers	2,033,532	(4,223,895)	-	-	2,190,363	-	-	-	-
Disposals	(555,567)	(591)	-	-	-	-	-	-	(556,158)
Impairment	-	(208,687)	-	-	-	-	-	-	(208,687)
At end of year	91,375,852	4,667,450	3,474,712	-	3,496,638	2,749,226	236,232	364,759	106,364,869
Depreciation									
At start of year	7,499,276	-	324,058	-	99,589	230,347	227,825	213,862	8,594,957
Charge for year	878,575	-	9,307	-	(99,589)	54,985	4,135	51,721	899,134
Transfers	-	-	-	-	-	-	4,272	(4,272)	-
On disposals	(62,710)	-	-	-	-	-	-	-	(62,710)
At end of year	8,315,141	-	333,365	-	-	285,332	236,232	261,311	9,431,381
SHG and other Grants									
At start of year	47,733,302	3,765,631	3,082,940	-	-	-	-	-	54,581,873
Received during year	331,553	1,517,916	-	-	-	-	-	-	1,849,469
Transfers	1,415,656	(2,231,624)	-	-	815,968	-	-	-	-
Disposals	(334,921)	-	-	-	-	-	-	-	(334,921)
At end of year	49,145,590	3,051,923	3,082,940	-	815,968	-	-	-	56,096,421
Net Book Value									
At end of year	33,915,121	1,615,527	58,407	-	2,680,670	2,463,894	-	103,448	40,837,067
At beginning of year	30,553,669	3,154,151	67,714	-	868,343	2,518,879	-	90,409	37,253,165

Development Administration costs capitalised amount to £587,326 (2014: £451,009) for which Social Housing Grant of £Nil (2014: £Nil) was received in the year. £3,308,136 (2014: £4,235,673) of expenditure on new components was capitalised in the year. Eight units were sold via right to buy in the year for total proceeds of £196,530. The costs of the units were £285,807 with a net book value of £71,023 and HAG repaid of £Nil.

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

10. Investments

	2015 £	2014 £
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 £8,685 (2014: £24,986) for the year ended 31 March 2015 and had net assets of £115,925 (2014: £107,240).

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 £8,503 (2014: £287) for the year ended 31 March 2015 and had net assets of £11,365 (2014: £2,862).

Shettleston Housing Association Limited, by virtue of having common control, controls Upkeep Recycling, a charitable company limited by guarantee. This charitable company provides affordable second hand furniture. Upkeep Recycling made a surplus of £2,207 (2014: £nil) for the year ended 31 March 2015 and had net assets of £2,207 (2014: £nil).

11. Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Rental arrears	412,175	381,107
Less: provision for bad debts	(185,154)	(176,951)
	227,021	204,156
Amounts owed by subsidiaries	637,770	557,127
Grant receivable	-	1,197,428
Other debtors and prepayments	396,196	420,309
	1,260,987	2,379,020

Included in amounts owed by subsidiaries is £461,698 (2014: £406,578) which is due in more than one year.

12. Creditors – Amounts falling due within one year

	2015 £	2014 £
Trade creditors	299,356	234,917
Amounts owed to subsidiaries	120,375	180,867
Other creditors	555,124	363,706
Rent in advance	251,544	245,057
Capital works and retentions	138,570	262,337
Other taxes and social security	57,996	52,614
VAT Creditor	19,108	11,381
	1,442,073	1,350,879

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

13. Creditors – Amounts falling due outwith one year	2015	2014
	£	£
Loans:		
Due between one and two years	-	-
Due between two and five years	-	-
Due in five years or more	25,487,500	24,600,000
	<u>25,487,500</u>	<u>24,600,000</u>
	<u>25,487,500</u>	<u>24,600,000</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	2015	2014
	£	£
At beginning of year	271	277
Shares of £1 each fully paid and issued during the year	2	6
Shares forfeited in year	(7)	(12)
	<u>266</u>	<u>271</u>
At end of year	<u>266</u>	<u>271</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, Finance Manager's and Housing Manager's total emoluments exceeded £60,000 in the year. No emoluments were paid to any member of the Management Committee during the year.

	2015	2014
	£	£
Emoluments (excluding pension contributions) of Chief Executive	76,933	75,534
	<u>76,933</u>	<u>75,534</u>

The Chief Executive is an ordinary member of the Scottish Housing Association Pension Scheme (SHAPS) described in note 19. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes. The Association's contribution for the Chief Executive in the year amounted to £7,094 (2014: £12,678). These contributions include past service deficit contributions.

	2015	2014
	Number	Number
Numbers of Directors whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):-		
£60,001 - £65,000	2	1
£70,001 - £75,000	-	-
£75,001 - £80,000	1	1
	<u>2</u>	<u>1</u>
	<u>1</u>	<u>1</u>

The total emoluments (excluding pension contributions) for those earning more than £60,000 were £201,641 (2014: £138,281). The total pension contributions for those earning more than £60,000 were £18,571 (2014: £12,815).

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

16. Employee Information

	2015	2014
	Number	Number
The average number of persons employed by the Association during the year on a full time equivalent basis is:		
Housing	14	16
Maintenance	10	10
Development	4	4
Finance	6	6
Administration	10	6
Factoring	1	1
Housing Support	5	8
Wider Role	6	5
Welfare Rights Officers	2	2
	<u>58</u>	<u>58</u>

	2015	2014
	£	£
Staff costs (including directors' emoluments):		
Wages and salaries	2,010,750	1,920,729
Social security costs	171,946	165,063
Pension costs	458,686	244,897
FRS 17 pension charge (Note 19)	6,000	(1,000)
	<u>2,647,382</u>	<u>2,329,689</u>

17. Operating Surplus

	2015	2014
	£	£
Operating surplus is stated after charging:		
Depreciation – social housing	887,882	880,572
Depreciation – replaced components' net book value	86,914	-
Depreciation – other fixed assets	11,252	125,116
Auditor's remuneration (excluding VAT)		
- In their capacity as auditors	10,750	10,700
- In respect of other services	2,500	1,500
	<u>2,500</u>	<u>1,500</u>

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

18. Capital Commitments	2015	2014
	£	£
Contracted for but not provided in these accounts	1,399,351	660,857
This is to be funded by:		
HAG	-	-
Private Finance	1,399,351	660,857
Other grants	-	-
	<u>1,399,351</u>	<u>660,857</u>
Approved by the Management Committee but not contracted for	<u>-</u>	<u>-</u>

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 there are six 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;
- (e) Career average revalued earnings with a 1/120th accrual rate, contracted-in; and
- (f) 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. The Association operated the Final salary with a 1/60th accrual rate structure to 31 March 2014. From 1 April 2014, the members have transferred to a 1/70th CARE scheme or the DC scheme

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

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

19. Pensions (continued)

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 £295,700 (2014: £113,426) was paid by the Association in the year ended 31 March 2015 in order to address the deficit that exists in the Scheme. The past service contribution for 2015/16 is £304,268.

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 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%).

Financial Assumptions

The financial assumptions underlying the valuation were as follows:-	% pa
- Investment return pre-retirement	5.3
- Investment return post retirement – Non pensioners	3.4
Pensioners	3.4
- Rate of salary increases	4.1
-	
Rate of pension increases -pension accrued pre 6 April 2005	2.0
-pension accrued from 6 April 2005	1.7
(for leavers before 1 October 1993 pension increases are 5%)	
- Rate of price inflation	2.6

Mortality Tables used	
Non-pensioners	44% of S1PMA (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 S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

Contribution Rates for Future Service (from 1 April 2015)	%
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 rate for deficit contributions	 10.4

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

19. Pensions (continued)

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

- a) The commencement of winding up of the Scheme; or
- b) An employer becomes insolvent; or
- c) An Employee Cessation Event.

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 2014. As of this date the estimated employer debt for the Association has been calculated as £9,735,997.

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.

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 2015 FRS 17 valuations are as follows;

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

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

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

19. Pensions (continued)

Mortality

Life expectancy for both current and future pensioners is based on the Fund's VitaCurves with improvement in line with 80% of the medium cohort lagged for 10 years and a 1.5% per annum underpin for males and a 1.25% underpin per annum for females from 2011. 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

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 (£'000)	Long term rate of return 31 March 2014	Value at 31 March 2014 (£'000)
Equities	5.7%	890	6.6%	743
Bonds	2.8%	154	3.7%	118
Property	3.9%	131	4.8%	69
Cash	2.6%	12	3.7%	49
Total		<u>1,187</u>		<u>979</u>
Present value of scheme liabilities		<u>(1,358)</u>		<u>(1,052)</u>
Net pension liability		<u><u>(171)</u></u>		<u><u>(73)</u></u>

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

19. Pensions (continued)

Reconciliation of defined benefit obligation

Year Ended:	31 Mar 2015 £(000)	31 Mar 2014 £(000)
Opening Defined Benefit Obligation	1,052	915
Current Service Cost	63	48
Interest Cost	46	42
Contributions by Members	15	13
Actuarial Losses/(Gains)	226	44
Past Service Costs/(Gains)	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(44)	(10)
	<hr/>	<hr/>
Closing Defined Benefit Obligation	1,358	1,052
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of fair value of employer assets

Year Ended:	31 Mar 2015 £(000)	31 Mar 2014 £(000)
Opening Fair Value of Employer Assets	979	867
Expected Return on Assets	60	46
Contributions by Members	15	13
Contributions by the Employer	57	49
Contributions in respect of Unfunded Benefits	-	-
Actuarial Gains/(Losses)	120	14
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(44)	(10)
	<hr/>	<hr/>
Closing Fair Value of Employer Assets	1,187	979
	<hr/> <hr/>	<hr/> <hr/>
Net pension liability	(171)	(73)
	<hr/> <hr/>	<hr/> <hr/>

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

19. Pensions (continued)

Analysis of amounts included in Income & Expenditure Account

	2015	2014
	£(000)	£(000)
Expected return on pension scheme assets	60	46
Interest on pension scheme liabilities	(46)	(42)
	<u> </u>	<u> </u>
Net Return – finance charge	14	4
	<u> </u>	<u> </u>

	2015	2014
	£(000)	£(000)
Current service cost	63	48
Contribution by employers	(57)	(49)
	<u> </u>	<u> </u>
Charge/(Credit) to staff costs	6	(1)
	<u> </u>	<u> </u>

The expected Employer's contributions for the year to 31 March 2016 will be approximately £55,000.

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

	2015	2014
	£(000)	£(000)
Actual return less expected return on scheme assets	120	14
Changes in assumptions underlying the present value of scheme liabilities	(226)	(44)
	<u> </u>	<u> </u>
Actuarial loss recognised in statement of recognised gains and losses	(106)	(30)
	<u> </u>	<u> </u>

20. Housing Stock

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

	Units in Management	
	2015	2014
General Needs Housing	2,266	2,277
Supported Housing Accommodation	-	-
Shared Ownership Accommodation	47	47
	<u> </u>	<u> </u>
	2,313	2,324
	<u> </u>	<u> </u>

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

21. Other property

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

	Units in Management	
	2015	2014
Commercial units	35	11
Garages	16	16
Main Office	1	1
	<hr/>	<hr/>
	52	28
	<hr/> <hr/>	<hr/> <hr/>

22. Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Society Act 2014.

23. Related Party Transactions

Upkeep Shettleston Community Enterprises Limited

During the year, Shettleston Housing Association Limited incurred salary costs of £199,339 (2014: £203,412) 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 £nil (2014: £50,000) in Gift Aid from Upkeep Shettleston Community Enterprises Limited.

Shettleston Housing Association Limited charged Upkeep Shettleston Community Enterprises Limited £10,500 (2014: £10,000) for the rental of a commercial office property.

The balance owed to the Association by Upkeep Shettleston Community Enterprises Limited at 31 March 2015 was £133,206 (2014: £145,996). This is included within amounts owed by subsidiaries in debtors.

Upkeep Shettleston Community Enterprises Limited provided services of £2,107,159 (2014: £1,772,779) 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 2015 was £120,375 (2014: £180,867).

East End Housing Development Company Limited

Shettleston Housing Association Limited has another subsidiary, East End Housing Development Company Limited. The Association made loans to East End Housing Development Company Limited during the year totalling £55,120 (2014: £175,687) to fund the purchase of one additional investment property. The balance owed to the Association at 31 March 2015 in respect of this and previous loans was £461,698 (2014: £406,578). Interest charged on these loans during the year was £23,085 (2014: £13,801).

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.

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

23. Related Party Transactions (continued)

Shettleston Housing Association leased 24 mid-market rental properties to East End Housing Development Company Limited during the year and charged rent of £59,941 (2014: £nil).

The balance owed to the Association at 31 March 2015 was £12,739 (2014: £4,553). This is included within amounts owed by subsidiaries in debtors.

Shettleston Housing Association received £20,000 (2014: £nil) gift aid from East End Housing Development Company Limited.

Upkeep Recycling

Upkeep Recycling is a company limited by guarantee that was incorporated on 10 April 2014. The Association has full control over Upkeep Recycling by virtue of the fact that all directors of Upkeep Recycling are employees of Shettleston Housing Association Limited or are members of its Management Committee.

During the year, Shettleston Housing Association Limited recharged salary and other running costs of £44,351 on behalf of Upkeep Recycling. At the year end, £30,127 is outstanding and is included in amounts owed by subsidiaries.

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.

25. Revenue commitment

	2015 Office Equipment	2014 Office Equipment
Expiring in more than > 5 years	<u>31,153</u>	<u>31,153</u>

