

**SHETTLESTON HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements**

**For the year ended 31 March 2011**

# **SHETTLESTON HOUSING ASSOCIATION LIMITED**

## **Report and Financial Statements For the year ended 31 March 2011**

	<b>Page</b>
<b>Members, Executives and Advisers</b>	<b>1</b>
<b>Report of the Management Committee</b>	<b>2 - 5</b>
<b>Statement of Management Committee's Responsibilities</b>	<b>6</b>
<b>Report of the Auditor</b>	<b>7 - 8</b>
<b>Auditor's Report on Corporate Governance Matters</b>	<b>9</b>
<b>Income and Expenditure Account</b>	<b>10</b>
<b>Statement of Total Recognised Gains and Losses</b>	<b>11</b>
<b>Balance Sheet</b>	<b>12</b>
<b>Cash Flow Statement</b>	<b>13 - 15</b>
<b>Notes to the Financial Statements</b>	<b>16 – 33</b>

### **Registration information**

Financial Services Authority	Industrial and Provident Societies Act 1965 Registered number SP1884RS
The Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered number 183
Scottish Charity Number	SC 036687

**Report and Financial Statements  
For the year ended 31 March 2011**

**Members, Executives and Advisers**

**Management Committee**

Mary Thomas	(Chairperson)
Annie McAllister	(Vice-Chairperson)
John Hastie	(Secretary)
Frank Quinn	Resigned April 2011
Betty Finnen	
Nan Sangster	
Gillian Johnston	
Jemima Pryce	
Christina Brown	
Lesley Scoffield	
James Tominey	
Caroline Boyle	Resigned January 2011
Tom McDonald	
Alex McWhinnie	
Morag Allan	
Mary Hain	
James Dick	Resigned May 2010

**Registered Office**

Helen McGregor House  
65 Pettigrew Street  
Glasgow  
G32 7XR

**Auditors**

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

**Bankers**

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

**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)

**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 2011**

The Management Committee presents its report and audited financial statements for the year ended 31st March 2011.

Principal activity

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

Review of business and future developments

At the commencement of the 2010/11 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 the Association through the transfer and 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 most 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; and
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.

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

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

The Management Committee undertook a detailed review of progress using the Internal Management Plan (IMP) 2010/11 in February 2011. The review acknowledged that in the main the Association had made good progress in the year and positive improvements had been maintained on key targets. The key achievements of the year were recorded as;

- The receipt of various awards for the design of Helen McGregor House including the RIAS Andrew Doolan prize for the 'Best Building in Scotland' for 2010;
- The site start on the 36 unit amenity housing development at Balintore Street;

**Report of the Management Committee  
For the year ended 31 March 2011**

Review of business and future developments (cont'd)

- The site start on Springboig Phase 5 upgrading, using an insulated render system on 30 houses in Association ownership and around 50 owner occupied properties at a cost of £2m;
- Completion of the Greenfield kitchen and bathroom replacement project covering 150 houses and investing £1m;
- Completion of the North Shettleston cladding and improvements project covering 232 houses and investing over £2m;
- Completion, ahead of schedule, of the to the digital aerial upgrading scheme with a full explanatory leaflet issued to all tenants;
- Site start on the Steel Estate windows and doors projects covering 200 houses and investing almost £1m;
- Site start on the Eurobin project to improve backcourts and recycling arrangements in the inter war tenements in the Fernan St area;
- Facing the climate challenge issues by carrying out an energy survey to assess the insulation requirements in the Steel estate and the sandstone tenements;
- Development of a design for the South Greenfield upgrading of roofs, insulated render and backcourts for over 200 properties;
- Acquisition of one property under the Mortgage to Rent Scheme;
- The Association's fully owned subsidiary, East End Housing Development Company Limited, acquired one flat for market rent;
- The Association's other fully owned subsidiary, Upkeep Shettleston Community Enterprises Limited, continued to expand its staff and services and operates for a number of other Housing Associations and private sector clients;
- A successful bid to the climate challenge fund provided £172,000 to create an allotment on a redundant area of ground. The allotment project was formally opened in March 2011 and already has 30 users and a dedicated Volunteer Board;
- A successful bid to the Third Sector Enterprise Fund provided £76,000 towards the establishment of a furniture recycling project. Upkeep Furniture Project formally opened its first shop on Shettleston Road in September 2010 and the income from this has exceeded its Business Plan expectations. An additional shop is proposed in the 2011/2012 financial year;
- The target time for emergency repairs was lowered to 12 hours from a previous 24 hours. This has not achieved a 100% response rate in each quarter due to a very small number of repairs outwith the time. The Association considers however that an improved service is being delivered;
- Performance on routine and urgent repair categories exceeded all the annual KPI targets during 2010;
- The number of days a property is void is showing an average of 14 days, better than the annual KPI target of 20 days. Performance has improved significantly since the 2005/06 figure of 50 days and the improvement has been consistently maintained since October 2005;

**Report of the Management Committee  
For the year ended 31 March 2011**

Review of business and future developments (cont'd)

- All financial targets and covenant requirements were met or improved on during 2010/11;
- Current Tenant rent arrears fell below target to 3.15%, the lowest figure and best performance for some years. These results reflect an intensive campaign of arrears control over the past two years;
- A Tenant Satisfaction Survey was carried out in the summer of 2010 with very positive results;
  - 93% of tenants were satisfied with Shettleston Housing Association Ltd as a landlord;
  - 89% of tenants were satisfied with the repairs service;
  - 95% of tenants thought that the Association kept them well informed;
  - 88% of tenants were satisfied with customer service;
  - 90% of tenants were satisfied with their heating system; and
  - 82% of former Glasgow Housing Association Ltd tenants who provided an opinion believe the transfer process to be a success.
- A survey of satisfaction of the out of hours emergency service during the severe weather and holiday period in December 2010 was carried out. The results from this were very positive given that the survey period covered some of the worst weather conditions recorded and when emergency services and transport links were under severe pressure.

On a scale 1 to 10, where 1 is very dissatisfied and 10 is very satisfied;

- Tenants gave an 8.94 rating in terms of overall satisfaction;
- Tenants gave a 9.56 rating in terms of telephone contact;
- Tenants gave a 9.20 rating in terms of the speed of service; and
- Tenants gave a 9.04 rating in terms of the quality of work.

Further to this, 81% of the out of hours call outs were attended to within 6 hours.

- The numbers and attendance on the Management Committee remained positive throughout 2010.

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; and
- Sound and consistent governance by the governing body was in place.

Although the Association generally met its targets for 2010/11 and fulfilled its actions there were a number of areas where work was either not completed within target timescales or performance was below target. The main issues where there was a lack of attainment were:

- Gas safety checks were not completed 100% within timescales throughout 2010/11. However the position has improved following the introduction of a new reporting procedure;

**Report of the Management Committee  
For the year ended 31 March 2011**

Review of business and future developments (cont'd)

- The revision and updating of a number of key policies was not complete;
- The detailed review of procedures continues in progress, covering all the functions of the Association, but has not yet been finalised;
- Performance in meeting void repair timescales was not met;
- Performance in meeting the 12 hour emergency repair timescale was not met in full;
- Performance in meeting the target of lets to Homeless referrals was not met in full; and
- The Scottish Housing Regulator's validation of the APSR raised a number of issues with the performance figures. Following correspondence and a meeting with the Regulator, these issues have been addressed satisfactorily.

New proposals to address all the outstanding issues are included in the actions required to meet Operational Objectives for the current year, 2011/12.

The AGM was held in September 2010 and 6 members retired by rotation and, having offered themselves for re-election, were duly re-elected for a further term.

The staff team remained fairly constant throughout the year.

After a full and exhausting year, the Association is in good heart and the Committee and staff look forward with confidence to the many new challenges which lie ahead.

**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 mis-statement 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.


**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.

**Auditors**

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

**By order of the Committee**



John Hastie  
Secretary

Dated: 5 July 2011

**Statement of the 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;
- \* State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- \* 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 Auditors 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 2011 which comprise the income and expenditure account, statement of total recognised gains and losses, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice - Accounting by Registered Social Landlords issued in 2008.

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 committee and auditors**

As explained more fully in the Management Committee Responsibilities statement set out on page 6, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices' Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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 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.

**Group accounts Section 14 (2) of the Friendly and Provident Societies Act 1968**

We agree with the opinion of the Management Committee of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association's subsidiaries in group accounts required to be prepared under Section 13 of the Friendly and Industrial and Provident Societies Act 1968 for the year ended 31 March 2011, because of the immaterial nature of the subsidiaries' transactions in the year.

**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 2011 and of its surplus for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting by Registered Social Landlords issued in 2008;
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

**Report of the Auditors to the members of Shettleston Housing Association Limited (cont'd)**

In our opinion the information given in the Report of the Management Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.

*Scott - Moncrieff*

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

Dated: 5 July 2011

**Report of the Auditors 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 5 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 5 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: 5 July 2011

**Income and Expenditure Account  
For the year ended 31 March 2011**

	Notes	2011 £	2010 £
<b>Turnover</b>	2	6,697,624	6,573,411
Operating costs	2	(5,257,474)	(5,085,862)
<b>Operating surplus</b>	2	1,440,150	1,487,549
Gain on disposal of fixed assets		192,754	83,417
Interest receivable and other income	5	23,559	4,356
Interest payable and similar charges	6	(443,984)	(610,508)
Gift aid	23	30,000	-
<b>Surplus on ordinary activities before taxation</b>		1,242,479	964,814
Tax on surplus on ordinary activities	24	-	6,292
<b>Surplus for the year</b>		1,242,479	971,106

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements

**SHETTLESTON HOUSING ASSOCIATION LIMITED**  
**Statement of Total Recognised Gains and Losses**  
**For the year ended 31 March 2011**

11

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Retained surplus for the year	1,242,479	971,106
Actuarial gain/(loss) recognised in the retirement benefit scheme (Note 19)	88,000	(41,000)
Total recognised gains and losses relating to the year	<u>1,330,479</u>	<u>930,106</u>

**Balance Sheet**  
As at 31 March 2011

	Notes	2011 £	2010 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9	66,716,496	63,525,089
Less SHG and other grants	9	(45,806,218)	(44,599,397)
		<u>20,910,278</u>	<u>18,925,692</u>
Other fixed assets	9	3,407,564	3,357,008
		<u>24,317,842</u>	<u>22,282,700</u>
<b>Investments</b>			
Investments in subsidiaries	10	2	2
<b>Retirement benefit scheme asset</b>			
	19	53,000	-
<b>Current assets</b>			
Debtors	11	966,549	888,599
Cash at bank and in hand		2,008,938	2,468,691
		<u>2,975,487</u>	<u>3,357,290</u>
<b>Creditors: amounts falling due within one year</b>	12	(1,488,183)	(1,012,330)
<b>Net current assets</b>		<u>1,487,304</u>	<u>2,344,960</u>
<b>Total assets less current liabilities</b>		<u>25,858,148</u>	<u>24,627,662</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(13,500,000)	(13,500,000)
<b>Retirement benefit scheme liability</b>	19	-	(100,000)
<b>Net assets</b>		<u>12,358,148</u>	<u>11,027,662</u>
<b>Capital and reserves</b>			
Share capital	14	309	316
Designated reserves	7	6,947,359	6,991,851
Revenue reserve	8	5,357,013	4,135,042
Pension reserve	8	53,000	(100,000)
Capital redemption reserve		467	453
		<u>12,358,148</u>	<u>11,027,662</u>


The financial statements on pages 10 to 33 were authorised for issue by the Management Committee on 5 July 2011 and were signed on its behalf by:

Mary Thomas 

Chairperson

Annie McAllister 

Vice-Chairperson

John Hastie 

Secretary

The notes form part of these financial statements

**Cash Flow Statement**  
**For the year ended 31 March 2011**

	<b>Notes</b>	<b>2011 £</b>	<b>2010 £</b>
<b>Net cash inflow from operating activities</b>	1	2,653,497	2,177,082
<b>Returns on investments and servicing of finance</b>	2	(427,425)	(606,152)
<b>Taxation</b>		-	(6,338)
<b>Capital expenditure</b>	2	(2,715,832)	(5,727,767)
		<u>(489,760)</u>	<u>(4,163,175)</u>
<b>Financing</b>	2	30,007	2,791,259
<b>Decrease in cash</b>	4	<u>(459,753)</u>	<u>(1,371,916)</u>

Notes to the Cash Flow Statement  
For the year ended 31 March 2011

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

	2011 £	2010 £
Operating surplus	1,440,150	1,487,549
Depreciation	873,444	804,206
(Increase)/decrease in debtors	(77,950)	49,266
Increase/(decrease) in creditors	475,853	(151,939)
FRS 17 pension movement	(58,000)	(12,000)
	<u>2,653,497</u>	<u>2,177,082</u>

2) Gross Cash Flows

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest received on deposits	16,559	4,356
Interest paid	(443,984)	(610,508)
	<u>(427,425)</u>	<u>(606,152)</u>

	2011 £	2010 £
<b>Capital expenditure</b>		
Purchase and development of housing properties	(3,908,023)	(4,867,909)
SHG and other grants received	1,206,821	1,017,729
Sale of properties	192,754	88,929
Payments to acquire other tangible fixed assets	(207,384)	(1,966,516)
	<u>(2,715,832)</u>	<u>(5,727,767)</u>

	2011 £	2010 £
<b>Financing</b>		
Issue of ordinary share capital	7	2
Loan finance received	-	1,000,000
GHA Dowry at SST	-	1,791,257
Gift aid	30,000	-
	<u>30,007</u>	<u>2,791,259</u>



Notes to the Cash Flow Statement  
For the year ended 31 March 2011

3) Analysis of Changes in Net Debt	At 31 March 2010 £	Cash Flow £	At 31 March 2011 £
Cash in hand, at bank	2,468,691	(459,753)	2,008,938
	<u>2,468,691</u>	<u>(459,753)</u>	<u>2,008,938</u>
Debt due within 1 year	-	-	-
Debt due after 1 year	(13,500,000)	-	(13,500,000)
	<u>(11,031,309)</u>	<u>(459,753)</u>	<u>(11,491,062)</u>

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

	2011 £	2010 £
Decrease for the year	(459,753)	(1,371,916)
Loan received	-	(1,000,000)
	<u>(459,753)</u>	<u>(2,371,916)</u>
<b>Change in net debt</b>	<b>(459,753)</b>	<b>(2,371,916)</b>
<b>Net debt at 1 April 2010</b>	<b>(11,031,309)</b>	<b>(8,659,393)</b>
<b>Net debt at 31 March 2011</b>	<b><u>(11,491,062)</u></b>	<b><u>(11,031,309)</u></b>

**Notes on the Financial Statements  
For the year ended 31 March 2011**

**1. Accounting policies**

**(a) Introduction and accounting basis**

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

These financial statements are prepared in accordance with applicable accounting standards and comply with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords 2008.

**(b) Going concern**

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2012. 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 or the Scottish Government under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by The Scottish Government.

**(e) Social Housing Grant (SHG)**

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

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

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

**(f) Fixed assets - Housing properties**

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

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

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

**Notes on the Financial Statements  
For the year ended 31 March 2011**

**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 before retentions 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**

**1. Housing properties**

Housing properties at cost, less grants received, less land, are depreciated over their expected useful lives of between 11 and 50 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.

**(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) Major Repairs**

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

**(iii) 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.

1. **Accounting policies (continued)**

(h) **Designated Reserves (Note 7) (continued)**

(iv) **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)**

SFHA Pension Scheme

The Association contributes to a defined benefit scheme, the cost of which is written off to the Income and Expenditure account on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund.

Strathclyde Pension Fund

In accordance with 'FRS 17 – Retirement Benefits', the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Income and Expenditure account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, are recognised in the Total Statement of Recognised Gains and Losses.

(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) **Consolidation**

The Association and its subsidiary undertakings comprise a group. The Financial Services Authority has granted exemption from preparing group financial statements. The accounts therefore represent the results of the Association and not of the group.

Notes on the Financial Statements  
For the year ended 31 March 2011

2. Particulars of Turnover, Operating Costs and Operating Surplus

Income and Expenditure From lettings	2011		2010	
	Turnover £	Operating Costs £	Turnover £	Operating Costs £
Social Lettings (Note 3)	6,376,998	4,773,483	6,225,603	4,534,796
Other activities (Note 4)	320,626	483,991	347,808	551,066
	<u>6,697,624</u>	<u>5,257,474</u>	<u>6,573,411</u>	<u>5,085,862</u>
				<u>1,690,807</u> <u>(203,258)</u>
				<u>1,487,549</u>

Notes to the financial statements  
For the year ended 31 March 2011

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

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2011 Total £	2010 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	5,995,178	-	92,400	6,087,578	5,998,036
Service charges	285,348	-	7,632	292,980	287,890
<b>Gross income from rents and service charges</b>	<b>6,280,526</b>	<b>-</b>	<b>100,032</b>	<b>6,380,558</b>	<b>6,285,926</b>
<b>Less voids</b>	<b>(41,912)</b>	<b>-</b>	<b>-</b>	<b>(41,912)</b>	<b>(60,323)</b>
<b>Net income from rents and service charges</b>	<b>6,238,614</b>	<b>-</b>	<b>100,032</b>	<b>6,338,646</b>	<b>6,225,603</b>
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	38,352	-	-	38,352	-
<b>Total turnover from social letting activities</b>	<b>6,276,966</b>	<b>-</b>	<b>100,032</b>	<b>6,376,998</b>	<b>6,225,603</b>
<b>Expenditure</b>					
Management and maintenance administration costs	1,833,629	-	30,637	1,864,266	1,724,654
Service charges	681,516	-	10,928	692,444	616,373
Planned cyclical maintenance including major repairs	633,622	-	10,160	643,782	608,498
Reactive maintenance costs	691,935	-	11,095	703,030	668,789
Bad debts – rents and service charges	3,754	-	-	3,754	32,662
Depreciation of social housing	642,685	-	73,930	716,615	682,078
Property insurance	147,231	-	2,361	149,592	201,742
<b>Operating costs for social letting activities</b>	<b>4,634,372</b>	<b>-</b>	<b>139,111</b>	<b>4,773,483</b>	<b>4,534,796</b>
<b>Operating Surplus/(Deficit) on letting activities, 2011</b>	<b>1,642,594</b>	<b>-</b>	<b>(39,079)</b>	<b>1,603,515</b>	
<b>Operating Surplus/(Deficit) on letting activities, 2010</b>	<b>1,726,884</b>	<b>-</b>	<b>(36,077)</b>		<b>1,690,807</b>

Notes to the financial statements for the year ended 31 March 2011

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

	Grants from Scottish Ministers		Other revenue grants	Supporting people income	Other income	Total Turnover		Operating costs - bad debts	Other operating costs	Operating Surplus or (deficit)	
	£	£				2011	2010			2011	2010
Wider role activities #	-	-	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-	-	(10,376)
Factoring	-	-	-	-	48,934	48,934	49,694	28,527	90,011	(69,604)	(40,481)
Development and construction of property activities	74,883	-	-	-	-	74,883	131,038	-	-	74,883	10,519
Support activities	-	86,070	-	86,070	-	86,070	90,120	-	349,867	(263,797)	(220,259)
Care activities	-	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-	-
Furniture Packages	-	-	-	-	-	-	17,613	-	15,586	(15,586)	6,046
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-	-	-	-	-
Commercial rent	-	-	-	-	56,448	56,448	51,293	-	-	56,448	51,293
RTB allowance	-	-	-	-	-	-	-	-	-	-	-
Seedcorn funding	5,288	-	-	-	-	5,288	8,050	-	-	5,288	-
Management charge from subsidiary	-	-	-	-	43,900	43,900	-	-	-	43,900	-
Other	-	-	-	-	5,103	5,103	-	-	-	5,103	-
<b>Total from other activities, 2011</b>	<b>80,171</b>	<b>-</b>	<b>-</b>	<b>86,070</b>	<b>154,385</b>	<b>320,626</b>	<b>28,527</b>	<b>455,464</b>	<b>(163,365)</b>		
<b>Total from other activities, 2010</b>	<b>156,701</b>	<b>-</b>	<b>90,120</b>	<b>100,987</b>	<b>347,808</b>	<b>(35,556)</b>	<b>(515,510)</b>	<b>(203,258)</b>			
#	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 2011

<b>5. Interest Receivable and Other Income</b>		<b>2011</b>	<b>2010</b>
		£	£
Interest receivable on deposits		16,559	4,356
FRS 17 finance charge (Note 19)		7,000	-
		<u>23,559</u>	<u>4,356</u>
<b>6. Interest Payable and Similar Charges</b>		<b>2011</b>	<b>2010</b>
		£	£
On private loans		443,984	610,508
		<u>443,984</u>	<u>610,508</u>
<b>7. Designated Reserves</b>			
	<b>Opening Balance</b>	<b>Transfers</b>	<b>Closing Balance</b>
	£	£	£
Cyclical maintenance	1,412,079	-	1,412,079
Furniture Reserve	107,902	-	107,902
SST Properties Reserve	5,471,870	(44,492)	5,427,378
Major Repair Reserve	-	-	-
	<u>6,991,851</u>	<u>(44,492)</u>	<u>6,947,359</u>
<b>8. Revenue Reserves</b>		<b>2011</b>	<b>2010</b>
		£	£
At 1 April 2010		4,035,042	3,104,936
Statement of total recognised gains and losses		1,330,479	930,106
		<u>5,365,521</u>	<u>4,035,042</u>
Transfer from designated reserves		44,492	-
		<u>5,410,013</u>	<u>4,035,042</u>
At 31 March 2011		<u>5,410,013</u>	<u>4,035,042</u>
Split as:			
At 31 March 2011			
Revenue reserve (excluding pension reserve)		5,357,013	4,135,042
Pension reserve		53,000	(100,000)
		<u>5,410,013</u>	<u>4,035,042</u>



Notes on the Financial Statements  
For the year ended 31 March 2011

9. Tangible Fixed Assets	Housing stock for let		Shared Ownership		Commercial Properties £	Office Premises £	Furniture & Fittings £	Computer Equipment £	Total £
	Completed £	Under Construction £	Completed £	Under Construction £					
<b>Cost</b>									
At start of year	63,911,990	600,245	3,696,502	-	967,502	2,324,784	209,154	87,888	71,798,065
Additions during year	2,119,616	1,788,407	-	-	-	155,493	4,162	47,729	4,115,407
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At end of year	66,031,606	2,388,652	3,696,502	-	967,502	2,480,277	213,316	135,617	75,913,472
<b>Depreciation</b>									
At start of year	4,420,737	-	262,911	-	15,155	46,496	125,479	45,190	4,915,968
Charge for year	642,686	-	73,930	-	19,350	49,609	42,663	45,206	873,444
On disposals	-	-	-	-	-	-	-	-	-
At end of year	5,063,423	-	336,841	-	34,505	96,105	168,142	90,396	5,789,412
<b>SHG and other Grants</b>									
At start of year	41,319,674	-	3,279,723	-	-	-	-	-	44,599,397
Received during year	506,821	700,000	-	-	-	-	-	-	1,206,821
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At end of year	41,826,495	700,000	3,279,723	-	-	-	-	-	45,806,218
<b>Net Book Value</b>									
At end of year	19,141,688	1,688,652	79,938	-	932,997	2,384,172	45,174	45,221	24,317,842
At beginning of year	18,171,579	600,245	153,868	-	952,347	2,278,288	83,675	42,698	22,282,700

Development Administration costs capitalised amounting to £309,132 (2010 – £216,571) for which Social Housing Grant amounting to £Nil (2010 – £Nil) was received in the year.

**Notes on the Financial Statements**  
**For the year ended 31 March 2011**

<b>10. Investments</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Investment in subsidiary undertakings	<u>2</u>	<u>2</u>
<p>Shettleston Housing Association Limited owns 1 ordinary £1 share in Upkeep Shettleston Community Enterprises Limited. 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 £147 for the year ended 31 March 2010 and had net assets of £19,693. The results for 31 March 2011 are not yet available.</p> <p>Shettleston Housing Association Limited owns 1 ordinary £1 share in East End Housing Development Company Limited. 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 £39 for the year ended 31 March 2010 and had net assets of £40. The results for 31 March 2011 are not yet available.</p>		
<b>11. Debtors</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Rental arrears	305,082	335,566
Less: provision for bad debts	(60,884)	(115,498)
	<u>244,198</u>	<u>220,068</u>
Amounts owed by subsidiaries	288,433	177,386
Social Housing Grant receivable	36,449	71,121
Other debtors and prepayments	391,177	413,732
Taxation recoverable	6,292	6,292
	<u>966,549</u>	<u>888,599</u>
<b>12. Creditors – Amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Capital works and retentions	128,540	139,817
Amounts owed to subsidiaries	164,509	37,915
Other creditors	929,889	591,668
Rent in advance	265,245	242,930
	<u>1,488,183</u>	<u>1,012,330</u>
<b>13. Creditors – Amounts falling due outwith one year</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Loans:		
Due between one and two years	-	-
Due between two and five years	-	-
Due in five years or more	13,500,000	13,500,000
	<u>13,500,000</u>	<u>13,500,000</u>

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

**Notes on the Financial Statements  
For the year ended 31 March 2011**

<b>14. Share Capital</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
At beginning of year	316	330
Shares of £1 each fully paid and issued during the year	7	2
Shares forfeited in year	(14)	(16)
	<u>309</u>	<u>316</u>
At end of year	<u>309</u>	<u>316</u>

**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. Only the Chief Executive's total emoluments exceeded £60,000 per year. No emoluments were paid to any member of the Management Committee during the year.

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Emoluments (excluding pension contributions) of Chief Executive	<u>70,051</u>	<u>66,934</u>

Numbers of Directors whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):-

£70,001 - £75,000	1	-
£65,001 - £70,000	-	1
	<u>1</u>	<u>1</u>

The Chief Executive is an ordinary member of the Association's pension scheme 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 £10,619 (2010: £10,213)

**Notes on the Financial Statements  
For the year ended 31 March 2011**

**16. Employee Information**

	<b>2011 Number</b>	<b>2010 Number</b>
The average number of persons employed by the Association during the year	<u>44</u>	<u>42</u>
	<b>2011 £</b>	<b>2010 £</b>
Staff costs (including directors' emoluments):		
Wages and salaries	1,498,464	1,417,286
Social security costs	121,263	114,077
Pension costs	172,011	180,811
FRS 17 pension charge (Note 19)	(58,000)	(12,000)
	<u>1,733,738</u>	<u>1,700,174</u>

**17. Operating Surplus**

	<b>2011 £</b>	<b>2010 £</b>
Operating surplus is stated after charging:		
Depreciation	873,444	804,206
Auditor's remuneration (excluding VAT)		
- In their capacity as auditors	10,250	9,950
- In respect of other services	1,300	1,250
	<u>884,994</u>	<u>815,406</u>

**18. Capital Commitments**

	<b>2011 £</b>	<b>2010 £</b>
Contracted for but not provided in these accounts	6,272,200	1,168,375
This is to be funded by:		
HAG	1,867,528	-
Private Finance	4,404,672	1,168,375
	<u>6,272,200</u>	<u>1,168,375</u>
Approved by the management committee but not contracted for	<u>3,550,000</u>	<u>3,956,000</u>

**Notes on the Financial Statements  
For the year ended 31 March 2011**

**19. Pensions**

SFHA Pension Scheme

Shettleston Housing Association Limited (the "Association") participates in the SFHA Pension Scheme (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 three benefit structures available, namely:

- (a) Final salary with a 1/60<sup>th</sup> accrual rate;
- (b) Career average revalued earnings with a 1/60<sup>th</sup> accrual rate; and
- (c) Career average revalued earnings with a 1/70<sup>th</sup> accrual rate.

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 1/60<sup>th</sup> accrual rate structure.

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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period, Shettleston Housing Association Limited paid contributions at the rate of 15.4%. Member contributions were 7.7%.

As at the balance sheet date there were 23 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.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

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%).

**Financial Assumptions**

The financial assumptions underlying the valuation were as follows:-	% pa
- Investment return pre retirement	7.2
- Investment return post retirement	4.9
- Rate of salary increases	4.6
- Rate of pension increases -pension accrued pre 6 April 2005	2.6
-pension accrued from 6 April 2005	2.25

**Notes on the Financial Statements  
For the year ended 31 March 2011**

**19. Pensions (continued)**

(for leavers before 1 October 1993 pension increases are 5.0% pa)  
-Rate of price inflation 2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. Using these tables the assumed life expectancy in years for pension scheme members at age 65 are as follows;

	Males	Females
Non Pensioners	21.6 years	24.4 years
Pensioners	20.7 years	23.6 years

The long term joint contribution rates required from employers and members to meet the cost of future benefit accrual for the final salary 60ths benefit structure were assessed as 17.8%, being employer contributions of 10.1% and member contributions of 7.7%. If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

With effect from 1 April 2008, the joint contribution rates for the Final salary 60ths benefit structure is a total of 23.1% being employer contributions of 15.4% and a member contributions of 7.7% pensionable salaries.

A small number of employers that have closed the Scheme to new entrants are required to pay an additional contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by March 2020.

The next full actuarial valuation will be carried out as at 30 September 2011.

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 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 2009. As of this date the estimated employer debt for the Association was £6,030,762.

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 2011**

**19. Pensions (continued)**

Strathclyde Pension Fund

As a result of the second stage transfer, 12 employees were transferred from Glasgow Housing Association Limited to Shettleston Housing Association Limited. Of these 12 employees, 5 are members of the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended.

An initial valuation of the Strathclyde Pension Fund was performed at 31 March 2010, with the first formal valuation carried out as at 31 March 2011.

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

<b>Assumptions as at</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
Price increases	2.8%	3.8%
Salary increases	5.1%*	5.3%
Expected return on assets	6.9%	7.2%
Discount rate	5.5%	5.5%

\* Salary increases are 1% p.a. for the years to 31 March 2012 and 2013, reverting to 5.1% thereafter.

**Mortality**

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current Pensioners	20.6 years	23.9 years
Future Pensioners	22.6 years	25.0 years

**Notes on the Financial Statements  
For the year ended 31 March 2011**

**Scheme assets**

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

	<b>Long term rate of return 31 March 2011</b>	<b>Value at 31 March 2011</b>	<b>Long term rate of return 31 March 2010</b>	<b>Value at 31 March 2010</b>
		£000		£000
Equities	7.5%	500	7.8%	426
Government securities	4.9%	84	5.0%	72
Property	5.5%	39	5.8%	39
Cash	4.6%	26	4.8%	17
<b>Total</b>		<u>649</u>		<u>554</u>
Present value of scheme liabilities		(596)		(654)
<b>Net pension asset /(liability)</b>		<u>53</u>		<u>(100)</u>

**Reconciliation of defined benefit obligation**

Year Ended:	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>
	£(000)	£(000)
<b>Opening Defined Benefit Obligation</b>	<b>654</b>	<b>341</b>
Current Service Cost	39	20
Interest Cost	35	25
Contributions by Members	11	10
Actuarial (Gains)/Losses	(86)	253
Past Service (Gains)/Costs	(57)	5
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	-	-
<b>Closing Defined Benefit Obligation</b>	<u><b>596</b></u>	<u><b>654</b></u>



**Notes on the Financial Statements**  
**For the year ended 31 March 2011**

**Reconciliation of fair value of employer assets**

Year Ended:	31 Mar 2011	31 Mar 2010
	£(000)	£(000)
<b>Opening Fair Value of Employer Assets</b>	<b>554</b>	<b>362</b>
Expected Return on Assets	42	25
Contributions by Members	11	10
Contributions by the Employer	40	37
Contributions in respect of Unfunded Benefits	-	-
Actuarial Gains	2	120
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	-	-
<b>Closing Fair Value of Employer Assets</b>	<b>649</b>	<b>554</b>
<b>Net pension asset / (liability)</b>	<b>53</b>	<b>(100)</b>

**Analysis of amounts included in Income & Expenditure Account**

	2011	2010
	£(000)	£(000)
Expected return on pension scheme assets	42	25
Interest on pension scheme liabilities	(35)	(25)
<b>Net Return – finance charge</b>	<b>7</b>	<b>-</b>

	2011	2010
	£(000)	£(000)
Current service cost	39	20
Past service cost	(57)	5
Contribution by employers	(40)	(37)
<b>Charge to staff costs</b>	<b>(58)</b>	<b>(12)</b>

In the UK budget statement on 22 June 2010, the Chancellor announced that with effect from 1 April 2011 public sector pensions would be up-rated in line with the Consumer Price Index (CPI) rather than the Retail Prices Index (RPI).

This has the effect of reducing Shettleston Housing Association Limited's liabilities in the Strathclyde Pension Fund by £57,000 and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement.

**Notes on the Financial Statements**  
**For the year ended 31 March 2011**

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

	<b>2011</b>	<b>2010</b>
	£(000)	£(000)
Actual return less expected return on scheme assets	2	120
Changes in assumptions underlying the present value of scheme liabilities	86	(161)
Actuarial loss recognised in statement of recognised gains and losses	<u>88</u>	<u>(41)</u>

**20. Housing Stock**

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

	<b>Units in Management</b>	
	<b>2011</b>	<b>2010</b>
General Needs Housing	2,225	2,230
Supported Housing Accommodation	-	-
Shared Ownership Accommodation	50	50
	<u>2,275</u>	<u>2,280</u>

**21. Other property**

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

	<b>Units in Management</b>	
	<b>2011</b>	<b>2010</b>
Commercial units	10	10
Garages	16	16
Main Office	1	1
	<u>27</u>	<u>27</u>

**Notes on the Financial Statements  
For the year ended 31 March 2011**

**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 expenditure of £97,839 (2010: £71,772) on behalf of Upkeep Shettleston Community Enterprises Limited. This was recharged by the Association to Upkeep Shettleston Community Enterprise Limited.

Shettleston Housing Association Limited charged a management fee of £43,900 (2010: £nil) to Upkeep Shettleston Community Enterprises Limited for management assistance, payroll services, sales ledger assistance and purchase ledger assistance provided during the year. Shettleston Housing Association Limited also received £30,000 (2010: £nil) in Gift Aid from Upkeep Shettleston Community Enterprises Limited at the year end.

The balance owed to the Association by Upkeep Shettleston Community Enterprises Limited at 31 March 2011 in respect of this was £93,586 (2010: £63,064). This is included within debtors at the year end

Upkeep Shettleston Community Enterprises Limited provided services of £943,678 (2010: £649,747) 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 2011 was £162,621 (2010: £37,915).

East End Housing Development Company Limited

Shettleston Housing Association Limited has another subsidiary, East End Housing Development Company Limited. This company acquired one property during the year for market rent financed by a commercial loan of £73,000 from the Association. The balance owed to the Association at 31 March 2011 in respect of this and previous loans was £187,000 (2010: £114,000). Interest on these loans due to the Association at 31 March 2011 was £7,554 (2010: £Nil) and is included in debtors at the year end.

During the year, Shettleston Housing Association Limited incurred expenditure of £2,937 (2010: £322) on behalf of East End Housing Development Company Limited. The balance owed to the Association in respect of this at the year end was £293.

Shettleston Housing Association collected rental income of £11,252 on behalf of East End Housing Development Company Limited. This was paid over to East End Housing Development Company Limited throughout the year. The balance owed by the Association at 31 March 2011 was £1,888. This is included in creditors at the year end.

**24. Taxation**

	2011 £	2010 £
Provision has been made for corporation tax at 21% as follows:		
UK corporation tax (to be reclaimed) / charge	-	(6,292)
	<u>          </u>	<u>          </u>

As a charity, Shettleston Housing Association's charitable activities are not subject to taxation. However the surpluses from non charitable activities are subject to taxation. These non-charitable activities generated a loss in the year and as a result no corporation tax was due.

