



**TOLLCROSS HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements**

**For the year ended 31 March 2012**

**TOLLCROSS HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements  
For the year ended 31 March 2012**

	<b>Page</b>
<b>Members, Executive and Advisers</b>	<b>1</b>
<b>Report of the Management Committee</b>	<b>2-3</b>
<b>Report of the Auditors</b>	<b>4-5</b>
<b>Auditor's Report on Corporate Governance Matters</b>	<b>6</b>
<b>Income and Expenditure Account</b>	<b>7</b>
<b>Statement of Total Recognised Gains and Losses</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Cash Flow Statement</b>	<b>10 – 12</b>
<b>Notes to the Financial Statements</b>	<b>13 – 29</b>

**Registration information**

Financial Services Authority

Industrial and Provident Societies 1965  
Registered number 1798(R)S

The Scottish Housing Regulator

Housing (Scotland) Act 2010  
Registered number HCB 197

Charity Number

SC040876

**Members, Executive and Advisers**

**Committee of Management**

Mr W Dougan - Chairperson  
Mr I Smith - Vice Chairperson  
Mrs I McEwing  
Mr L Gilchrist (appointed 26 September 2011) - Secretary  
Mr C Sweeney  
Mr H Wak-Williams (resigned 26 September 2011)  
Ms E Skimins  
Ms E Barrowman  
Ms C Newton  
Mrs A Philips  
Mr C Cassidy (resigned 20 March 2012)  
Mr T Cleary  
Mrs E Garscadden  
Mrs M Gildea  
Mrs P Anderson  
Mr C Elliot (appointed 26 September 2011)  
Ms C Clinton (appointed 26 September 2011, resigned 28 February 2012)  
Mrs M Wallace (appointed 26 September 2011)  
Ms E Stewart (appointed 26 September 2011)  
Mr B McNally (appointed 26 September 2011)  
Ms A Bell (appointed 26 September 2011)

**Executive Officers**

Mr C Douglas	Chief Executive
Mr T Hastings	Finance Director
Mrs M Knight	Maintenance Director
Mr M Byrne	Housing Director

**Registered Office**  
84 Braidfauld Street  
Glasgow  
G32 8PJ

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

**Bankers**  
Clydesdale Bank plc  
865 Shettleston Road  
Glasgow  
G32 7NS

**Solicitors**  
Brechin Tindal Oatts  
Glasgow  
G2 5HS

**Report of the Management Committee  
For the year ended 31 March 2012**

The Committee of Management presents their report and the audited financial statements for the year ended 31 March 2012.

**Principal activities**

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

**Review of business and future developments**

The results for the year are set out in the income and expenditure account on page 7.

During the year to 31 March 2012, the Association has continued its main business of providing rented accommodation for people in housing need. The Association has also carried out a programme of maintenance and improvements to its properties.

On 27 June 2011 the Association was involved in a second stage transfer with Glasgow Housing Association. The Association received approx 1,500 units from GHA through the transfer and also acquired the rental arrears in relation to these units.

In 2012/13 the Association will continue in its main business and will also seek opportunities in terms of development, wider action and other initiatives.

**Component accounting**

In accordance with the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers, 2010, the Association has implemented component accounting for the first time this year. As this is a change in accounting policy the impact of component accounting has resulted in a restatement of the prior year figures via a prior year adjustment which is detailed at note 24. The introduction of component accounting ensures that all major components of the Association's housing stock are identified and depreciated over their estimated economic life. The cost of any subsequent replacement of a major component will be capitalised in the balance sheet with the item replaced being disposed of from the balance sheet. This enables the financial statements to better reflect the use of the component over its life cycle.

**Changes in fixed assets**

Details of fixed assets are set out in Notes 9 and 10.

**The committee of management and executive officers**

The committee of management and executive officers of the Association are listed on page 1.

Each member of the committee of management holds one fully paid share of £1 in the Association. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the committee.

**Report of the Management Committee  
For the year ended 31 March 2012**

**Statement of committee's responsibilities**

Housing association legislation requires the committee to prepare financial statements for each financial period 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 period 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 committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association.

The 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.

**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.

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 and authorisation of all expenditure by senior staff and Committee.

**Auditors**

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

**By order of the committee**



---

**MR L GILCHRIST**  
Secretary

Dated: 3 September 2012

**Report of the Auditors to the Members of Tollcross Housing Association Limited  
For the year ended 31 March 2012**

We have audited the financial statements of Tollcross Housing Association Limited for the year ended 31 March 2012 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 Housing Providers issued in 2010.

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's Responsibilities statement set out on page 3, 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.

**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 2012 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 Housing Providers issued in 2010;

**Report of the Auditors to the Members of Tollcross Housing Association Limited  
For the year ended 31 March 2012**

- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 the Housing (Scotland) Act 2010 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



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

Dated: 3 September 2012

**Report of the Auditors to the Management Committee of  
Tollcross Housing Association Limited on Corporate Governance Matters  
For the year ended 31 March 2012**

In addition to our audit of the Financial Statements, we have reviewed your Statement on Page 3 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 3 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  
Chartered Accountants  
Statutory Auditor  
25 Bothwell Street  
Glasgow G2 6NL

Dated: 3 September 2012



**Income and Expenditure Account**  
**For the year ended 31 March 2012**

	Notes	2012 £	Restated 2011 £
Turnover	2	5,743,834	2,027,358
Less: Operating costs	2	4,562,197	1,904,830
<b>Operating surplus</b>	2	<u>1,181,637</u>	<u>122,528</u>
Gain on disposal of fixed assets		29,463	12,903
Interest receivable and other income	5	20,316	9,876
Interest payable and similar charges	6	(622,011)	(5,151)
<b>Surplus on ordinary activities before taxation</b>		<u>609,405</u>	<u>140,156</u>
Tax on surplus on ordinary activities	18	-	-
<b>Surplus for the year</b>		<u><u>609,405</u></u>	<u><u>140,156</u></u>

The results for the year relate wholly to continuing activities.

**Statement of Total Recognised Gains and Losses  
For the year ended 31 March 2012**

	Note	2012 £	Restated 2011 £
Surplus for the year		609,405	140,156
Actuarial (loss) recognised in the retirement benefit pension scheme	20	(70,000)	-
Total recognised gains relating to the year		539,405	140,156
Prior year adjustment	24	3,597,064	-
<b>Total surplus recognised since the last annual report</b>		<b>4,136,469</b>	<b>140,156</b>

Balance Sheet  
As at 31 March 2012

	Notes	2012 £	Restated 2011 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9	46,319,783	26,647,615
Less SHG and other grants	9	20,614,218	20,169,299
		<u>25,705,565</u>	<u>6,478,316</u>
Other fixed assets	10	27,438	-
		<u>25,733,003</u>	<u>6,478,316</u>
<b>Current assets</b>			
Debtors	11	280,328	189,740
Cash at bank and in hand		1,493,432	1,021,821
Cash held in deposit accounts		1,500,030	1,060,385
		<u>3,273,790</u>	<u>2,271,946</u>
Creditors: amounts falling due within one year	12	905,214	1,111,252
		<u>2,368,576</u>	<u>1,160,694</u>
Net current assets			
		<u>2,368,576</u>	<u>1,160,694</u>
Total assets less current liabilities		<u>28,101,579</u>	<u>7,639,010</u>
Creditors: amounts falling due after more than one year	13	21,833,974	1,980,804
Defined benefit pension liability	20	70,000	-
		<u>6,197,605</u>	<u>5,658,206</u>
Net assets		<u>6,197,605</u>	<u>5,658,206</u>
<b>Capital and reserves</b>			
Share capital	14	159	165
Designated reserves	7	1,346,000	1,346,000
Revenue reserve	8	4,921,446	4,312,041
Pension reserve	8	(70,000)	-
		<u>6,197,605</u>	<u>5,658,206</u>

The financial statements on pages 7 to 29 were authorised for issue by the Management Committee on 3 September 2012 and were signed on its behalf by:

Mr W Dougan

Chairperson



Mr I Smith

Vice Chairman



Mr L Gilchrist

Secretary



The notes on pages 13 to 29 form part of these financial statements

Cash Flow Statement  
For the year ended 31 March 2012

	Notes	2012 £	Restated 2011 £
Net cash movement from Operating activities	1	1,594,151	1,222,806
Returns on investments and servicing of finance	2	(601,695)	4,725
Taxation	2	-	-
Investing activities	2	(20,008,569)	(2,006,031)
		<u>(19,016,113)</u>	<u>(778,500)</u>
Management of liquid resources	2	(439,645)	(11,340)
Financing	2	19,927,369	1,518,974
Increase in cash	4	<u>471,611</u>	<u>729,134</u>

Notes to the Cash Flow Statement  
For the year ended 31 March 2012

	2012 £	Restated 2011 £
<b>1) Reconciliation of Surplus for year to Net Cash Movement from Operating Activities</b>		
Operating surplus	1,181,637	122,523
Depreciation	783,350	293,893
(Increase)/decrease in debtors	(90,588)	274,406
(Decrease)/increase in creditors	(280,248)	531,984
	<u>1,594,151</u>	<u>1,222,806</u>
<b>2) Gross Cash Flows</b>		
<b>Returns on investments and servicing of Finance</b>		
Interest received	20,316	9,876
Interest paid	(622,011)	(5,151)
	<u>(601,695)</u>	<u>4,725</u>
<b>Management of liquid resources</b>		
Cash (lodged in) business term deposit	(439,645)	(8,443)
Cash (lodged in) 3 month deposit	-	(2,897)
	<u>(439,645)</u>	<u>(11,340)</u>
<b>Investing activities</b>		
Payment for purchase and development of property	(20,716,093)	(4,287,233)
HAG received	587,841	2,268,299
Sale of housing properties	262,605	37,189
HAG repaid and abated	(142,922)	(24,286)
	<u>(20,008,569)</u>	<u>(2,006,031)</u>

Notes to the Cash Flow Statement  
For the year ended 31 March 2012

		2012 £	Restated 2011 £		
2)	<b>Gross Cash Flows (contd)</b>				
	<b>Taxation</b>				
	Corporation tax paid	-	-		
	<b>Financing</b>				
	Issue of ordinary share capital	16	3		
	Shares forfeited	(22)	-		
	Loans acquired	19,927,375	1,518,971		
		<u>19,927,369</u>	<u>1,518,974</u>		
3)	<b>Analysis of Changes in Net Funds</b>				
		At 31 March 2011 £	Cash Flow £	Other Changes £	At 31 March 2012 £
	Cash in hand, at bank	1,021,821	471,611	-	1,493,432
	Current asset investments	1,060,385	439,645	-	1,500,030
	Debt due within 1 year	(23,656)	(27,370)	-	(51,026)
	Debt due after 1 year	(1,933,964)	(19,900,010)	-	(21,833,974)
		<u>124,586</u>	<u>(19,016,124)</u>	-	<u>(18,891,538)</u>
4)	<b>Reconciliation of Net Cash Flow to Movement in Net Funds (Note 3)</b>		2012 £	2011 £	
	Increase in cash in year		471,611	729,134	
	Cash flow to increase debt		(19,927,380)	(1,518,974)	
	Cash inflow from increase in liquid resources		439,645	11,340	
	<b>Change in net funds</b>		<u>(19,016,124)</u>	<u>(778,500)</u>	
	<b>Net funds at 1 April 2011</b>		124,586	903,086	
	<b>Net funds at 31 March 2012</b>		<u>(18,891,538)</u>	<u>124,586</u>	

**Notes to the Financial Statements  
For the year ended 31 March 2012**

**1. Accounting policies**

**(a) Introduction and accounting basis**

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

These financial statements are prepared in accordance with applicable accounting standards and statements of recommended practice, and comply with the requirements of the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers 2010.

The Committee of Management anticipate that a surplus will be generated in the year to 31 March 2013. The Association has a healthy cash and net current asset position and thus the Committee of Management are satisfied that there is sufficient resources in place to continue operating for the foreseeable future. Thus the Committee of Management continue to adopt the going concern basis of accounting in preparing the annual financial statement.

**(b) 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.

**(c) 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. Mortgage loans in the balance sheet include amounts due but not received.

**(d) 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.

**Notes to the Financial Statements  
For the year ended 31 March 2012**

**1. Accounting policies (continued)**

**(e) 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
3. Interest charged on the mortgage loans raised to finance the scheme
4. Amounts equal to acquisition and development allowances received
5. Administration costs relating to private finance

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

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value 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.

Interest is capitalised from first draw down of private finance according to the funding arrangements agreed by The Scottish Government. This will normally occur after SHG has been claimed up to the agreed limit.

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

**(f) Depreciation**

**1. Housing properties**

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
Roof	- Over 50 years
Radiators	- Over 30 years
Windows	- Over 25 years
Kitchen	- Over 20 years
Bathroom	- Over 20 years
Boilers	- Over 15 years



**Notes to the Financial Statements  
For the year ended 31 March 2012**

**1. Accounting policies (continued)**

**2. Other fixed assets**

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

Fixtures & Fittings	- 15% straight line
Office Property	- Over 15 years
Commercial Premises	- Over 10 years
Computer Equipment	- Over 3 years

A full year's depreciation is charged in the year of purchase.  
No charge is made in the year of disposal.

**(g) 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 General Reserves as appropriate.

**(h) 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.

**(i) Pensions (Note 20)**

**Scottish Housing Association Pension Scheme (SHAPS)**

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**

The Association also has staff who are members of the Strathclyde Pension Fund. In accordance with 'FRS 17 – Retirement Benefits', the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the income and expenditure account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

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



Notes to the financial statements  
For the year ended 31 March 2012

3. Particulars of turnover, operating costs and operating surplus/(deficit) from social letting activities

	General Needs Housing £	Supported Housing £	Shared Ownership £	Other £	2012 Total £	Restated 2011 Total £
<b>Income from rent and service charges</b>						
Rent receivable net of service charges	5,231,292	159,942	40,357	-	5,431,591	1,731,251
Service charges	138,147	-	-	-	138,147	37,271
<b>Gross income from rents and service charges</b>	<b>5,369,439</b>	<b>159,942</b>	<b>40,357</b>	<b>-</b>	<b>5,569,738</b>	<b>1,768,522</b>
Less voids	(46,689)	-	-	-	(46,689)	(7,745)
<b>Net income from rents and service charges</b>	<b>5,322,750</b>	<b>159,942</b>	<b>40,357</b>	<b>-</b>	<b>5,523,049</b>	<b>1,760,777</b>
Grants from the Scottish Ministers	-	-	-	-	-	-
Other revenue grants	5,669	141,835	-	-	147,504	136,175
<b>Total turnover from social letting activities</b>	<b>5,328,419</b>	<b>301,777</b>	<b>40,357</b>	<b>-</b>	<b>5,670,553</b>	<b>1,896,952</b>
<b>Expenditure</b>						
Management and maintenance administration costs	2,049,718	106,834	5,536	-	2,162,088	840,441
Service charges	319,523	-	-	-	319,523	78,729
Planned cyclical maintenance including major repairs	435,842	-	-	-	435,842	246,614
Reactive maintenance costs	610,294	-	-	-	610,294	217,587
Bad debts – rents and service charges	45,790	-	-	-	45,790	14,539
Depreciation of social housing	766,507	-	-	-	766,507	291,939
Impairment of social housing	-	-	-	-	-	-
<b>Operating costs for social letting activities</b>	<b>4,227,674</b>	<b>106,834</b>	<b>5,536</b>	<b>-</b>	<b>4,340,044</b>	<b>1,689,849</b>
<b>Operating Surplus on letting activities, 2012</b>	<b>1,100,745</b>	<b>194,943</b>	<b>34,821</b>	<b>-</b>	<b>1,330,509</b>	<b>-</b>
<b>Restated Operating Surplus on letting activities, 2011</b>	<b>20,513</b>	<b>102,342</b>	<b>35,883</b>	<b>-</b>	<b>207,103</b>	<b>207,103</b>

## Notes to the financial statements for the year ended 31 March 2012

## 4. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities

	Grants from Scottish Ministers		Other revenue grants		Other income		Total Turnover		Operating costs - bad debts		Other operating costs		Operating surplus / (deficit)	
	£	30,000	£	-	£	-	£	86,669	£	-	£	94,708	£	£
							2012	2011				2012	2011	
Wider role activities #														
Care and repair of property							30,000	86,669				(64,708)	(33,425)	
Factoring							-	-				-	-	
Development and construction of property activities							38,192	28,104		3,624		(38,035)	(36,985)	
Care activities							-	-				-	-	
Agency/management services for RSLs							-	-				-	-	
Other agency / management services							-	-				-	-	
Developments for sale to RSLs							3,249	13,633				(47,969)	(11,562)	
Development and improvements for sale to non RSLs							-	-				-	-	
Other activities							1,840	2,000				1,840	(2,603)	
Total from other activities, 2012	30,000		3,249		40,032		73,281		3,624		218,529	(148,872)		
Total from other activities, 2011								130,406			214,981		(84,575)	

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

Notes to the Financial Statements  
For the year ended 31 March 2012

<b>5. Interest Receivable and Other Income</b>		<b>2012</b>	<b>2011</b>		
		£	£		
Interest receivable on deposits		20,316	9,876		
		<u>          </u>	<u>          </u>		
<b>6. Interest Payable and Similar Charges</b>					
Other interest payable		622,011	5,151		
		<u>          </u>	<u>          </u>		
<b>7. Designated Reserves</b>					
	<b>Opening Balance</b>	<b>Transfer between Reserves</b>	<b>Transfer to Revenue Reserve</b>	<b>Transfer from Revenue Reserve</b>	<b>Closing Balance</b>
	£	£	£	£	£
Cyclical maintenance	320,000	-	-	-	320,000
Major repairs reserve	1,026,000	-	-	-	1,026,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	1,346,000	-	-	-	1,346,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>8. Revenue Reserves including Pension Reserve</b>		<b>2012</b>	<b>2011</b>		
		£	£		
At 1 April 2011		4,312,041	623,186		
Prior year restatement		-	3,548,699		
		<u>          </u>	<u>          </u>		
Surplus for the year		4,312,041	4,171,885		
Actuarial (loss) recognised in the retirement benefit pension scheme		609,405	140,156		
		<u>          </u>	<u>          </u>		
		(70,000)	-		
At 31 March 2012		<u>4,851,446</u>	<u>4,312,041</u>		
<b>Split as follows:</b>					
Revenue Reserve		4,921,446	4,312,041		
Pension Reserve		(70,000)	-		
		<u>          </u>	<u>          </u>		
At 31 March 2012		<u>4,851,446</u>	<u>4,312,041</u>		

Notes to the Financial Statements  
For the year ended 31 March 2012

9. Tangible Fixed Assets – Housing properties	Housing Properties Held for Letting £	Shared Ownership Properties Held for Letting £	Mortgage to Rent Properties £	Total £
<b>Cost</b>				
At start of year	22,715,735	1,599,090	47,458	24,362,283
Prior year restatement	4,970,162	(284,316)	141,682	4,827,528
Restated opening balance	<u>27,685,897</u>	<u>1,314,774</u>	<u>189,140</u>	<u>29,189,811</u>
Additions during year	20,469,513	-	211,209	20,680,722
Disposals	(262,598)	-	-	(262,598)
At end of year	<u>47,892,812</u>	<u>1,314,774</u>	<u>400,349</u>	<u>49,607,935</u>
<b>Depreciation</b>				
At start of year	284,591	24,306	949	309,846
Prior year restatement	2,202,396	28,752	1,202	2,232,350
Restated opening balance	<u>2,486,987</u>	<u>53,058</u>	<u>2,151</u>	<u>2,542,196</u>
Charge for year	758,160	3,931	4,416	766,507
On disposals	(20,551)	-	-	(20,551)
At end of year	<u>3,224,596</u>	<u>56,989</u>	<u>6,567</u>	<u>3,288,152</u>
<b>SHG and other Grants</b>				
At start of year	19,711,648	1,425,387	34,150	21,171,185
Prior year restatement	(734,712)	(298,601)	31,427	(1,001,886)
Restated opening balance	<u>18,976,936</u>	<u>1,126,786</u>	<u>65,577</u>	<u>20,169,299</u>
Received during year	480,542	-	107,299	587,841
Repaid/abated during year	(142,922)	-	-	(142,922)
At end of year	<u>19,314,556</u>	<u>1,126,786</u>	<u>172,876</u>	<u>20,614,218</u>
<b>Net Book Value</b>				
At 31 March 2012	<u>25,353,660</u>	<u>130,999</u>	<u>220,906</u>	<u>25,705,565</u>
At 31 March 2011 restated	<u>6,221,974</u>	<u>134,930</u>	<u>121,412</u>	<u>6,478,316</u>

Notes to the Financial Statements  
For the year ended 31 March 2012

10. Tangible Fixed Assets - Other fixed assets	Office Premises & lock ups	Fixtures Fittings & Equipment	Total
Cost	£	£	£
At start of year	179,696	198,700	378,396
Additions during year	16,532	18,839	35,371
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	196,228	217,539	413,767
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At start of year	179,696	198,700	378,396
Charge for year	1,653	6,280	7,933
On disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	181,349	204,980	386,329
	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>			
At 31 March 2012	<u>14,879</u>	<u>12,559</u>	<u>27,438</u>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2011	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
11. Debtors		2012	2011
		£	£
Rental debtors		261,037	59,327
Technical arrears		51,467	89,027
Provision for bad debts		(92,608)	(38,284)
		<hr/>	<hr/>
		219,896	110,070
Prepayments and accrued income		30,268	70,486
Amounts due from owners		30,164	9,184
		<hr/>	<hr/>
		280,328	189,740
		<hr/> <hr/>	<hr/> <hr/>
12. Creditors – Amounts falling due within one year		2012	2011
		£	£
Loans		51,026	23,656
Trade creditors		205,565	916,942
Accruals and deferred income		162,622	21,204
Deferred grants		-	-
Other creditors		207,558	46,840
Rents in advance		278,443	102,610
		<hr/>	<hr/>
		905,214	1,111,252
		<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements  
For the year ended 31 March 2012

13. Creditors – Amounts falling due outwith one year

	2012 £	2011 £
Loans:		
Housing Loans	21,833,974	1,933,964
Other Creditors	-	46,840
	<u>21,833,974</u>	<u>1,980,804</u>

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

	2012 £	2011 £
Between one and two years	52,464	19,565
Between two and five years	981,638	46,840
In five years or more	20,799,872	1,914,399
	<u>21,833,974</u>	<u>1,980,804</u>

14. Share Capital

	2012 £	2011 £
At beginning of year	165	167
Shares of £1 each fully paid and issued during the year	16	3
Shares forfeited	(22)	(5)
Active shareholders at 31 March 2012	<u>159</u>	<u>165</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 whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Management Committee during the year.

	2012 £	2011 £
Aggregate emoluments payable to directors (excluding Pension contributions and benefits in kind)	120,211	56,063
Emoluments payable to highest paid director (excluding pension contributions)	64,256	56,063
Pension contributions payable in respect of the highest paid director	6,028	8,331
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	<u>-</u>	<u>-</u>

Number of Directors during the year were as follows (excluding pension contributions):

£50,001 - £55,000	-	-
£55,001 - £60,000	1	1
£60,001 - £65,000	1	-



Notes to the Financial Statements  
For the year ended 31 March 2012

16. Employee Information

The average monthly number of persons employed during the year was:

	2012 No	2011 No
Office staff	31	14
Wardens	1	1
	<u>          </u>	<u>          </u>
Staff costs (including director's emoluments):		
Wages and salaries	1,041,375	511,685
Social security costs	85,453	42,306
Pension costs (Note 20)	131,139	58,795
	<u>1,257,967</u>	<u>612,786</u>

17. Operating Surplus

Operating surplus is stated after charging:

Depreciation	774,440	66,897
Auditor's remuneration		
- In their capacity as auditors	8,750	8,750
- In respect of other services	-	-
	<u>          </u>	<u>          </u>

18. Taxation

There is no tax liability due as the Association is a registered charity.

19. Revenue Commitments

The association has commitments under operating leases for the next year for leases expiring as follows:

	2012		2011	
	Land & buildings £	Other leases £	Land & buildings £	Other leases £
Within one year	-	-	-	-
Between two and five years	-	2,713	-	-
Over five years	-	-	-	-
	<u>          </u>	<u>2,713</u>	<u>          </u>	<u>          </u>

Notes to the Financial Statements  
For the year ended 31 March 2012

20. Pensions

**Scottish Housing Associations' Pension Scheme**

Tollcross Housing Association Limited (the Association) participates in the Scottish Housing Associations' Pension Scheme (the "Scheme"). The scheme is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the State Pension scheme. The Scheme offers five benefit structures to employers, namely:

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

The Trustee commissions an actuarial valuation of the Scheme every 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 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%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

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

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

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

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for the Association was £3,509,325.

Notes to the Financial Statements  
For the year ended 31 March 2012

20. Pensions (continued)

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted in.

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 elected to operate the Final salary with 1/60th accrual rate benefit option for active members and new entrants from 1 April 2012.

During the accounting period the Association paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 13 active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

<b>2009 Valuation Assumptions</b>	<b>% p.a.</b>
Investment return pre retirement	7.4
Investment return post retirement – non pensioners	4.6
Investment return post retirement – pensioners	4.8
Rate of salary increases	4.5

<b>Rate of pension increases</b>	<b>%</b>
Pension accrued pre 6 April 2005 in excess of GMP	2.9
Pension accrued post 5 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

**Mortality Tables**

Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement

<b>Contribution Rates for Future Service (payable from 1 April 2011)</b>	<b>%</b>
Final salary 1.60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions	10.4

Notes to the Financial Statements  
For the year ended 31 March 2012

20. Pensions (continued)

**Strathclyde Pension Scheme**

As a result of the second stage transfer, 11 employees were transferred from Glasgow Housing Association Ltd to Tollcross Housing Association Limited. These 11 employees are members of the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended.

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

Assumptions as at	31 March 2012
Inflation / Pension Increase Rate	2.5%
Salary increases	4.8%
Expected Return on Assets	5.8%
Discount rate	4.8%

**Mortality**

Life expectancy is based on 110% of the PFA92 and PMA92 tables. 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

The following details relate to Tollcross Housing Association Limited and show the fair value of the assets, analysed over the main asset classes, together with the expected returns for each asset class.

**Scheme assets**

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

	Long term rate of return 31 March 2012	Value at 31 March 2012 £000
Equities	6.3%	620
Government securities	3.9%	88
Property	4.4%	56
Cash	3.5%	40
Total		<u>804</u>
Present value of scheme liabilities		<u>(874)</u>
Net pension liability		<u><u>(70)</u></u>

Notes to the Financial Statements  
For the year ended 31 March 2012

## 20. Pensions (continued)

## Reconciliation of defined benefit obligation

	31 Mar 2012 (£'000)
Opening Defined Benefit Obligation	774
Current Service Cost	39
Interest Cost	33
Contributions by Members	12
Actuarial Losses / (Gains)	16
Past Service Costs / (Gains)	-
Liabilities Extinguished on Settlements	-
Liabilities Assumed in a Business Combination	-
Exchange Differences	-
Estimated Unfunded Benefits Paid	-
Estimated Benefits Paid	-
	<hr/>
<b>Closing Defined Benefit Obligation</b>	<b>874</b>
	<hr/> <hr/>

## Reconciliation of fair value of employer assets

	31 Mar 2012 £(000)
Opening Fair Value of Employer Assets	727
Expected Return on Assets	52
Contributions by Members	12
Contributions by the Employer	45
Contributions in respect of Unfunded Benefits	-
Actuarial Gains / (Losses)	(32)
Assets Distributed on Settlements	-
Assets Acquired in a Business Combination	-
Exchange Differences	-
Estimated Unfunded Benefits Paid	-
Estimated Benefits Paid	-
	<hr/>
<b>Closing Fair Value of Employer Assets</b>	<b>804</b>
	<hr/>
<b>Net pension liability</b>	<b>(70)</b>
	<hr/> <hr/>

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

	31 Mar 2012 £
Actual return less expected return on scheme assets	(70,000)
Changes in assumptions underlying the present value of scheme liabilities	-
	<hr/>
<b>Actuarial (loss) recognised in statement of recognised gains and losses</b>	<b>(70,000)</b>
	<hr/> <hr/>

**Notes to the Financial Statements  
For the year ended 31 March 2012**

**20. Pensions (continued)**

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

	2012
	£000
Expected return on pension scheme assets	52
Interest on pension scheme liabilities	(33)
Current service cost	(39)
Past service cost	-
Contribution by employers	45
	<hr/>
<b>Credit to staff costs</b>	<b>25</b>
	<hr/> <hr/>

**21. Housing Stock**

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

	Units in Management	
	2012	2011
General needs	2,188	653
Shared ownership	25	25
Supported housing	58	30
	<hr/>	<hr/>
	<b>2,271</b>	<b>708</b>
	<hr/> <hr/>	<hr/> <hr/>

**22. Legislative Provisions**

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

**23. Related Party Transactions**

The membership of the Management Committee at the Association is drawn from the local community, with some members also being tenants. Members of the Management Committee who are tenants receive no favourable treatment and such transactions are carried out at arms length.

**24. Prior year adjustment**

In accordance with the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers, 2010, the Association has implemented component accounting for the first time this year. As this is a change in accounting policy the impact of component accounting has resulted in a restatement of the prior year figures via a prior year adjustment.

The principle of component accounting is to treat major components of an asset as if each component is a separate asset in its own right and depreciate the components over their individual useful economic lives. It follows therefore, that when a component is replaced, the old component is written off, in order to avoid double counting, with the new component capitalised and then amortised over its expected useful life.

Notes to the Financial Statements  
For the year ended 31 March 2012

24. Prior year adjustment (continued)

The effect of this change in accounting policy on the 2011 financial statements is shown below. The 2011 opening reserves have increased by £3,548,699 of which £2,013,075 relates to increased depreciation and £5,561,774 relates to major repairs previously written off to the Income and Expenditure account now capitalised as components.

The change in accounting policy has also increased the 2010/11 surplus by £48,365 due to the capitalisation of previously expensed repairs of £280,704 offset by an increase in depreciation of £232,339.

Effect on the 2011 financial statements

	£
Increase in 2011 opening reserves	3,548,699
Increase in 2010/11 surplus	48,365
	<hr/>
Increase in Income and Expenditure reserve	3,597,064
	<hr/> <hr/>