



Scott-Moncrieff
business advisers and accountants

TOLLGROSS HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2014

TOLLCROSS HOUSING ASSOCIATION LIMITED

**Report and Financial Statements
For the year ended 31 March 2014**

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

Registration information

Financial Conduct Authority

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

The Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered number HCB197

Charity Number

SC040876

Members, Executive and Advisers

Committee of Management

Mr I Smith	- Chairperson
Ms A Bell	- Vice Chairperson
Mrs I McEwing (resigned 24 March 2014)	
Ms E Skimins	- Secretary
Mr W Dougan	
Ms E Barrowman	
Ms C Newton	
Mrs A Phillips	
Mr T Cleary	
Mrs E Garscadden	
Mrs P Anderson	
Mr C Elliot	
Mrs M Wallace (resigned 12 October 2013)	
Ms E Stewart	
Mr B McNally	
Mr S Fleming (appointed 24 March 2014)	
Mr L Gilchrist (resigned 9 December 2013)	

Executive Officers

Mr C Douglas	Chief Executive
Mr T Hastings	Finance Director
Mr F Donohoe	Technical Director
Mr M Byrne	Housing Director
Miss A Fitzsimons	Corporate Services 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 2014**

The Committee of Management presents their report and the audited financial statements for the year ended 31 March 2014.

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 2014, 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.

In 2014/15 the Association will continue in its main business and will also seek opportunities in terms of development, wider action and other initiatives.

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 2014****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.

Disclosure of information to the auditor

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

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

Auditor

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

By order of the committee

MS E SKIMINS
Secretary

Dated: 30 June 2014

**Report of the Auditor to the Members of Tollcross Housing Association Limited
For the year ended 31 March 2014**

We have audited the financial statements of Tollcross Housing Association Limited for the year ended 31 March 2014 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 auditor

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its surplus for then 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;
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator.

**Report of the Auditor to the Members of Tollcross Housing Association Limited
For the year ended 31 March 2014**

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: 30 June 2014

**Report of the Auditor to the Management Committee of
Tollcross Housing Association Limited on Corporate Governance Matters
For the year ended 31 March 2014**

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: 30 June 2014

**Income and Expenditure Account
For the year ended 31 March 2014**

	Notes	2014 £	2013 £
Turnover	2	7,489,309	7,329,490
Less: Operating costs	2	6,060,168	5,488,913
Operating surplus	2	1,429,141	1,840,577
Gain on disposal of fixed assets		2,424	35,624
Interest receivable and other income	5	50,775	48,204
Interest payable and similar charges	6	(929,171)	(924,135)
Surplus on ordinary activities before taxation		553,169	1,000,270
Tax on surplus on ordinary activities	18	-	-
Surplus for the year		553,169	1,000,270

The results for the year relate wholly to continuing activities.

**Statement of Total Recognised Gains and Losses
For the year ended 31 March 2014**

	Note	2014 £	2013 £
Surplus for the year		553,169	1,000,270
Actuarial (loss) recognised in the retirement benefit pension scheme	20	(103,000)	(110,000)
Total surplus recognised since the last annual report		<u>450,169</u>	<u>890,270</u>

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

Balance Sheet
As at 31 March 2014

	Notes	2014 £	2013 £
Tangible fixed assets			
Housing properties – cost less depreciation	9	47,170,629	46,221,716
Less SHG and other grants	9	21,090,908	20,776,743
		<u>26,079,721</u>	<u>25,444,973</u>
Other fixed assets	10	184,987	25,413
		<u>26,264,708</u>	<u>25,470,386</u>
Current assets			
Debtors	11	422,911	311,783
Cash at bank and in hand		431,880	1,107,137
Cash held in deposit accounts		9,445,412	3,011,990
		<u>10,300,203</u>	<u>4,430,910</u>
Creditors: amounts falling due within one year	12	4,719,380	851,804
		<u>5,580,823</u>	<u>3,579,106</u>
Net current assets			
		<u>31,845,531</u>	<u>29,049,492</u>
Creditors: amounts falling due after more than one year	13	24,012,491	21,781,617
Defined benefit pension liability	20	281,000	166,000
		<u>7,552,040</u>	<u>7,101,875</u>
Net assets			
		<u><u>7,552,040</u></u>	<u><u>7,101,875</u></u>
Capital and reserves			
Share capital	14	155	159
Designated reserves	7	1,346,000	1,346,000
Revenue reserve	8	6,486,885	5,921,716
Pension reserve	8	(281,000)	(166,000)
		<u>7,552,040</u>	<u>7,101,875</u>

The financial statements on pages 7 to 29 were authorised for issue by the Management Committee on 30 June 2014 and were signed on its behalf by:

Mr I Smith  Chairperson

Ms A Bell  Vice Chairman

Ms E Skimins  Secretary

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

Cash Flow Statement
For the year ended 31 March 2014

	Notes	2014 £	2013 £
Net cash movement from Operating activities	1	5,906,953	2,702,194
Returns on investments and servicing of finance	2	(878,396)	(875,931)
Investing activities	2	(1,857,412)	(649,679)
		<u>3,171,145</u>	<u>1,176,584</u>
Management of liquid resources	2	(6,433,422)	(1,511,960)
Financing	2	<u>2,587,020</u>	<u>(50,919)</u>
(Decrease) in cash	4	<u>(675,257)</u>	<u>(386,295)</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2014

1) Reconciliation of Surplus for year to Net Cash Movement from Operating Activities	2014	2013
	£	£
Operating surplus	1,429,141	1,840,577
Depreciation	1,063,516	947,920
FRS 17 charge for the year	12,000	-
Loss on disposal of other fixed assets	1,998	-
(Increase) in debtors	(111,128)	(31,455)
Increase/(decrease) in creditors	3,511,426	(54,848)
	<u>5,906,953</u>	<u>2,702,194</u>
2) Gross Cash Flows		
Returns on investments and servicing of Finance		
Interest received	50,775	48,204
Interest paid	(929,171)	(924,135)
	<u>(878,396)</u>	<u>(875,931)</u>
Management of liquid resources		
Cash (lodged in) business term deposits	(6,433,422)	(1,511,960)
	<u>(6,433,422)</u>	<u>(1,511,960)</u>
Investing activities		
Fixed asset purchases	(2,283,459)	(1,064,287)
HAG received	402,790	294,423
Sale of housing properties	40,375	173,827
HAG repaid and abated	(17,118)	(53,642)
	<u>(1,857,412)</u>	<u>(649,679)</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2014

2) Gross Cash Flows (contd)		2014		2013
		£		£
Taxation				
Corporation tax paid		-		-
Financing				
Issue of ordinary share capital		3		6
Shares forfeited		(7)		(6)
Loans acquired		2,587,024		(50,919)
		<u>2,587,020</u>		<u>(50,919)</u>
3) Analysis of Changes in Net Funds				
	At			At
	31 March			31 March
	2013	Cash	Other	2014
	£	Flow	Changes	£
		£	£	
Cash in hand, at bank	1,107,137	(675,257)	-	431,880
Current asset investments	3,011,990	6,433,422	-	9,445,412
Debt due within 1 year	(307,464)	(101,150)	-	(408,614)
Debt due after 1 year	(21,526,617)	(2,485,874)	-	(24,012,491)
	<u>(17,714,954)</u>	<u>3,171,141</u>	<u>-</u>	<u>(14,543,813)</u>
4) Reconciliation of Net Cash Flow to Movement in Net Funds (Note 3)				
		2014		2013
		£		£
(Decrease) in cash in year		(675,257)		(386,295)
Cash flow (increase)/decrease		(2,587,024)		50,919
Cash inflow from increase in liquid resources		6,433,422		1,511,960
Change in net funds		<u>3,171,141</u>		<u>1,176,584</u>
Net funds at 1 April 2013		<u>(17,714,954)</u>		<u>(18,891,538)</u>
Net funds at 31 March 2014		<u>(14,543,813)</u>		<u>(17,714,954)</u>

**Notes to the Financial Statements
For the year ended 31 March 2014**

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 Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator 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 2015. The Association has a healthy cash and net current asset position and thus the Committee of Management are satisfied that there are 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 statements.

(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 2014**

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 useful economic 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 2014**

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 2014

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	Other £	2014 Total £	2013 Total £
Income from rent and service charges						
Rent receivable net of service charges	6,816,934	203,634	45,805	-	7,066,373	6,869,025
Service charges	221,879	-	-	-	221,879	203,178
Gross income from rents and service charges	7,038,813	203,634	45,805	-	7,288,252	7,072,203
Less voids	(59,310)	-	-	-	(59,310)	(46,714)
Net income from rents and service charges	6,979,503	203,634	45,805	-	7,228,942	7,025,489
Grants from the Scottish Ministers	-	-	-	-	-	-
Other revenue grants	17,444	173,708	-	-	191,152	199,187
Total turnover from social letting activities	6,996,947	377,342	45,805	-	7,420,094	7,224,676
Expenditure						
Management and maintenance administration costs	2,262,041	-	-	-	2,262,041	2,502,625
Service charges	444,002	-	-	-	444,002	304,911
Planned cyclical maintenance including major repairs	1,217,768	-	-	-	1,217,768	790,789
Reactive maintenance costs	729,260	-	-	-	729,260	606,901
Bad debts – rents and service charges	65,328	-	-	-	65,328	40,954
Depreciation of social housing	1,051,947	-	-	-	1,051,947	937,033
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	5,770,346	-	-	-	5,770,346	5,183,213
Operating Surplus on letting activities, 2014	1,226,601	377,342	45,805	-	1,649,748	2,041,463
Operating Surplus on letting activities, 2013	1,628,132	369,288	44,043	-	2,041,463	2,041,463

Notes to the Financial Statements
For the year ended 31 March 2014

5. Interest Receivable and Other Income		2014	2013		
		£	£		
Interest receivable on deposits		50,775	48,204		
		<u> </u>	<u> </u>		
6. Interest Payable and Similar Charges					
Other interest payable		929,171	924,135		
		<u> </u>	<u> </u>		
7. Designated Reserves					
	Opening	Transfer	Transfer to	Transfer	Closing
	Balance	between	Revenue	from	Balance
	£	Reserves	Reserve	Revenue	£
		£	£	Reserve	
				£	
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>
8. Revenue Reserves including Pension Reserve		2014	2013		
		£	£		
At 1 April 2013		5,755,716	4,851,446		
Surplus for the year		553,169	1,000,270		
Actuarial (loss) recognised in the retirement benefit pension scheme		(103,000)	(96,000)		
		<u> </u>	<u> </u>		
At 31 March 2014		6,205,885	5,755,716		
		<u> </u>	<u> </u>		
Split as follows:					
Revenue Reserve		6,486,885	5,921,716		
Pension Reserve		(281,000)	(166,000)		
		<u> </u>	<u> </u>		
At 31 March 2014		6,205,885	5,755,716		
		<u> </u>	<u> </u>		

Notes to the Financial Statements
For the year ended 31 March 2014

9.	Tangible Fixed Assets – Housing properties	Housing Properties Held for Letting	Housing Properties under construction	Shared Ownership Properties Held for Letting	Mortgage to Rent Properties	Total
Cost	£	£	£	£	£	£
At start of year	48,175,996	375,371	1,314,774	478,158	50,344,299	
Additions during year	1,419,751	582,041	-	108,526	2,110,318	
Disposals	(289,526)	-	-	-	(289,526)	
At end of year	49,306,221	957,412	1,314,774	586,684	52,165,091	
Depreciation						
At start of year	4,048,186	-	60,597	13,800	4,122,583	
Charge for year	908,041	-	3,931	6,704	918,676	
On disposals	(46,797)	-	-	-	(46,797)	
At end of year	4,909,430	-	64,528	20,504	4,994,462	
SHG and other Grants						
At start of year	19,182,658	254,000	1,082,446	257,639	20,776,743	
Received during year	-	351,503	-	51,287	402,790	
Repaid/abated during year	(88,625)	-	-	-	(88,625)	
At end of year	19,094,033	605,503	1,082,446	308,926	21,090,908	
Net Book Value						
At 31 March 2014	25,302,758	351,909	167,800	257,254	26,079,721	
At 31 March 2013	24,945,152	121,371	171,731	206,719	25,444,973	

Notes to the Financial Statements
For the year ended 31 March 2014

10. Tangible Fixed Assets - Other fixed assets	Office Premises & lock ups	Fixtures Fittings & Equipment	Total
Cost	£	£	£
At start of year	196,228	226,401	422,629
Additions during year	165,100	8,041	173,141
Disposals	-	(5,999)	(5,999)
At end of year	<u>361,328</u>	<u>228,443</u>	<u>589,771</u>
Depreciation			
At start of year	183,002	214,214	397,216
Charge for year	1,653	9,916	11,569
On disposals	-	(4,001)	(4,001)
At end of year	<u>184,655</u>	<u>220,129</u>	<u>404,784</u>
Net Book Value			
At 31 March 2014	<u>176,673</u>	<u>8,314</u>	<u>184,987</u>
At 31 March 2013	<u>13,226</u>	<u>12,187</u>	<u>25,413</u>
11. Debtors		2014	2013
		£	£
Rental debtors		227,835	258,365
Technical arrears		24,474	22,025
Provision for bad debts		(92,608)	(92,608)
		<u>159,701</u>	<u>187,782</u>
Prepayments and accrued income		155,859	34,956
Amounts due from owners		83,893	56,702
Other debtors		23,458	32,343
		<u>422,911</u>	<u>311,783</u>
12. Creditors – Amounts falling due within one year		2014	2013
		£	£
Loans		408,614	52,464
Trade creditors		315,968	118,631
Accruals and deferred income		3,376,603	185,089
Other creditors		124,788	57,176
Other taxes and social security costs		59,949	84,033
Rents in advance		433,458	354,411
		<u>4,719,380</u>	<u>851,804</u>

Notes to the Financial Statements
For the year ended 31 March 2014

13. Creditors – Amounts falling due outwith one year

	2014 £	2013 £
Loans:		
Housing Loans	24,012,491	21,781,617
	<u>24,012,491</u>	<u>21,781,617</u>
	2014 £	2013 £
Between one and two years	428,403	309,056
Between two and five years	1,427,274	1,039,209
In five years or more	22,156,814	20,433,352
	<u>24,012,491</u>	<u>21,781,617</u>

14. Share Capital

	2014 £	2013 £
At beginning of year	159	159
Shares of £1 each fully paid and issued during the year	3	6
Shares forfeited	(7)	(6)
	<u>155</u>	<u>159</u>
Active shareholders at 31 March 2014	<u>155</u>	<u>159</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.

	2014 £	2013 £
Aggregate emoluments payable to directors (including Pension contributions and benefits in kind)	273,838	200,794
Emoluments payable to highest paid director (excluding pension contributions)	71,269	68,659
Pension contributions payable in respect of the highest paid director	6,813	6,502
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	-	-
Number of Directors during the year were as follows (excluding pension contributions):		
£50,001 - £55,000	-	-
£55,001 - £60,000	1	2
£60,001 - £65,000	2	-
£65,001 - £70,000	-	1
£70,001 - £75,000	1	-

Notes to the Financial Statements
For the year ended 31 March 2014

16. Employee Information

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

	2014 No	2013 No
Office staff	37	37
Wardens	1	1
	<u> </u>	<u> </u>
Staff costs (including directors' emoluments):		
Wages and salaries	1,368,566	1,280,469
Social security costs	119,641	112,597
Pension costs (Note 20)	172,212	159,231
	<u> </u>	<u> </u>
	<u>1,660,419</u>	<u>1,552,297</u>

17. Operating Surplus

Operating surplus is stated after charging:

Depreciation	1,051,947	937,033
Auditor's remuneration		
- In their capacity as auditor	10,000	10,000
- 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:

	2014		2013	
	Land & buildings £	Other leases £	Land & buildings £	Other leases £
Within one year	-	-	-	-
Between two and five years	-	2,713	-	2,713
Over five years	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u>2,713</u>	<u> </u>	<u>2,713</u>

**Notes to the Financial Statements
For the year ended 31 March 2014**

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 funded and is contracted-out of the State Pension scheme.

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

The Trustee commissions an actuarial valuation of the Scheme every 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 2012 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. 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 £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

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 2013. As of this date the estimated employer debt for the Association was £3,519,903.

**Notes to the Financial Statements
For the year ended 31 March 2014**

20. Pensions (continued)

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted in.
- Defined contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice. The Association has elected to operate the Final salary with 1/60th accrual rate benefit option for active members and defined contribution for new members from 1 April 2014.

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 18 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:

2012 Valuation Assumptions	% p.a.
Investment return pre retirement	5.3
Investment return post retirement – non pensioners	3.4
Investment return post retirement – pensioners	3.4
Rate of salary increases	4.1

Rate of pension increases	
Pension accrued pre 6 April 2005 in excess of GMP	2.0
Pension accrued post 5 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

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

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1.60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

Additional deficit contributions are payable from 1 April 2014 and will increase by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating additional contributions.

**Notes to the Financial Statements
For the year ended 31 March 2014**

20. Pensions (continued)

Strathclyde Pension Scheme

As a result of the second stage transfer, 18 employees were transferred from Glasgow Housing Association Ltd to Tollcross Housing Association Limited. Of these 18 employees, 11 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 2014	31 March 2013
Inflation / Pension Increase Rate	2.9%	2.8%
Salary increases	5.2%	5.1%
Expected Return on Assets	6.0%	5.2%
Discount rate	4.3%	4.5%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with 80% of the Medium Cohort lagged for 10 years and a 1% p.a. underpin for males and a 0.75% p.a. underpin for females from 2011. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

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

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 2014	Value at 31 March 2014 £000	Long term rate of return 31 March 2013	Value at 31 March 2013 £000
Equities	6.6%	900	5.7%	775
Government securities	3.7%	142	3.4%	143
Property	4.8%	83	3.9%	71
Cash	3.7%	59	3.0%	31
Total		1,184		1,020
Present value of scheme liabilities		(1,465)		(1,186)
Net pension liability		(281)		(166)

Notes to the Financial Statements
For the year ended 31 March 2014

20. Pensions (continued)

Reconciliation of defined benefit obligation

	31 Mar 2014 (£'000)	31 Mar 2013 (£'000)
Opening Defined Benefit Obligation	1,186	874
Current Service Cost	83	63
Interest Cost	56	44
Contributions by Members	21	19
Actuarial Losses	119	186
Past Service Costs / (Gains)	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	-	-
	<hr/>	<hr/>
Closing Defined Benefit Obligation	1,465	1,186
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of fair value of employer assets

	31 Mar 2014 £(000)	31 Mar 2013 £(000)
Opening Fair Value of Employer Assets	1,020	804
Expected Return on Assets	55	49
Contributions by Members	21	19
Contributions by the Employer	72	72
Contributions in respect of Unfunded Benefits	-	-
Actuarial Gains	16	76
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	-	-
	<hr/>	<hr/>
Closing Fair Value of Employer Assets	1,184	1,020
	<hr/> <hr/>	<hr/> <hr/>
Net pension liability	(281)	(166)
	<hr/> <hr/>	<hr/> <hr/>

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

	31 Mar 2014 £	31 Mar 2013 £
Actual return less expected return on scheme assets	(103,000)	(110,000)
Changes in assumptions underlying the present value of scheme liabilities	-	-
	<hr/>	<hr/>
Actuarial (loss) recognised in statement of recognised gains and losses	(103,000)	(110,000)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements
For the year ended 31 March 2014

20. Pensions (continued)

Analysis of amounts included in Income & Expenditure Account

	2014	2013
	£000	£000
Expected return on pension scheme assets	55	49
Interest on pension scheme liabilities	(56)	(44)
Current service cost	(83)	(63)
Past service cost	-	-
Contribution by employers	72	72
(Debit)/credit to staff costs	(12)	14

The cumulative amount of actuarial losses taken to the statement of total recognised gains and losses since the liability was incorporated into the financial statements is £261,000.

History of experience gains/(losses)

	2014 £'000	2013 £'000	2012 £'000
Scheme assets	1,184	1,020	804
Defined benefit liability	(1,465)	(1,186)	(874)
Deficit in Scheme	(281)	(166)	(70)
Experience adjustments on scheme assets	16	76	(32)
Experience adjustments as a % of scheme assets	1.4%	7.5%	4.0%
Experience adjustments on scheme liabilities	-	-	-
Experience adjustments as a % of scheme liabilities	-%	-%	-%

21. Housing Stock

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

	Units in Management	
	2014	2013
General needs	2,183	2,183
Shared ownership	25	25
Supported housing	58	58
	<u>2,266</u>	<u>2,266</u>

**Notes to the Financial Statements
For the year ended 31 March 2014**

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. Capital Commitments

	2014	2013
	£	£
Contracted for but not provided in these accounts	5,955,029	425,995
This is to be funded by:		
HAG	3,250,000	-
Private Finance	2,705,029	425,995
	<u>5,955,029</u>	<u>425,995</u>
	<u><u>5,955,029</u></u>	<u><u>425,995</u></u>