



**Alexander Sloan**  
Accountants and Business Advisers

# **Glen Oaks Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31 March 2018**

**Registered Housing Association No. HCB241**

**FCA Reference No. 2402R(S)**

**Scottish Charity No. SC034301**

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## BOARD, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2018

### BOARD

Mrs E McShane	Chair
Mrs P McGinlay MBE	Vice-Chair
Mr S Gaunt	Treasurer
Mrs M Mundt	Secretary
Ms K Barker	
Ms M Flaherty	Appointed 29 November 2017
Mrs H Gracie	
Mr A Kirkwood	
Mr L Lawson	
Ms A Louden	
Ms M Loughran	Resigned 18 June 2018
Mr N MacKinnon	Appointed 13 September 2017, Resigned 6 October 2017
Mr W McNamara	Resigned 17 July 2018
Mr M Smith	

### EXECUTIVE OFFICERS

Alasdair McKee	Chief Executive
Nicola Logan	Finance Director
Donald Weir	Technical Director
Jean Murray	Housing Director

### REGISTERED OFFICE

3 Kilmuir Drive  
Arden  
Glasgow  
G46 8BW

### EXTERNAL AUDITORS

Alexander Sloan  
Accountants and Business Advisors  
180 St Vincent Street  
Glasgow  
G2 5SG

### INTERNAL AUDITORS

Henderson Loggie  
The Vision Building  
20 Greenmarket  
Dundee  
DD1 4QB

### BANKERS

Royal Bank of Scotland  
Fenwick Road  
Glasgow  
G46 6XB

### SOLICITORS

TC Young  
7 West George Street  
Glasgow  
G2 1BA

# **GLEN OAKS HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2018**

The Board presents its report and the Financial Statements for the year ended 31 March 2018.

### **Legal Status**

Glen Oaks Housing Association Limited ("the Association") is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2402R(S). The Association is governed under its Rule Book and is a registered Scottish Charity with the charity number SC034301.

### **Principal Activities**

The principal activities of the Association are the provision of rented accommodation and the development of low cost home ownership schemes.

The Association is registered with the Financial Conduct Authority as a Friendly Association, the Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord (RSL).

### **Review of Business and Future Developments**

#### **Financial Review**

The Association made a surplus of £471,231 (2017 - £96,956).

#### **Business Review**

#### **Our Strategic Aims**

Glen Oaks identifies the following as its strategic aims:

- Dedication to offering housing solutions and routes into social inclusion by building, managing and maintaining a range of affordable housing.
- Contributing to community sustainability and regeneration, through innovation and relationships built on trust with our customers and partners.
- Ensure we are an employer of choice and that we deliver quality service and standards throughout our activities including customer involvement.
- Ensure the Association is financially and operationally viable.
- Respect for diversity and ensuring accountability, openness and integrity.
- Ensure all activities comply with good governance.

Our Vision is one of diverse communities in which people can expand their opportunities, exercise choice and maximise their potential. To help achieve this, we want to help to drive innovation and quality in accessible housing in Scotland. Some of the main objectives which we think can help this aim include;

- Achieving continuous improvement in all the services we deliver and achieving and maintaining high standards of business efficiency and effectiveness.
- Creating opportunities for significant levels of user involvement in what we do.
- Being recognised by regulators and strategic partners as delivering excellent performance.

# **GLEN OAKS HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2018**

### **Review of Business and Future Developments (Continued)**

We see these as challenging objectives, which will change the way we deliver our core services of housing, advice and consultancy. In particular, we seek to challenge what we currently do and look to improve, rather than simply carry on with existing patterns of work.

### **Operational Review**

#### **Corporate Governance**

Glen Oaks has a Board that is elected by the members of the Association. It is the responsibility of the Board to undertake the Strategy, setting of policy and overall direction of the Association. It also monitors the operational activities of the Association. The members of the Board are unpaid.

The Association also has the following Sub Committees:

Audit and Corporate Services Sub Committee

Housing, Technical and Health & Safety Sub Committee

The Corporate Management Team of Glen Oaks (as Listed on page 1) are responsible for achieving the strategy set and undertaking the operational activities in line with policies set. The Corporate Management Team together with the members of the Board are considered to be the Key Management Personnel of the Association.

Our Governing body is our Board, which is responsible to the wider membership. Board members serve in a voluntary capacity and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously and in the last year we continued to build on work from previous years which has strengthened our governance arrangements.

### **Customer Engagement**

Tenant involvement and participation is extremely important to Glen Oaks. We have set up a tenant-led Service Improvement Group.

The Service Improvement Group will be developed and supported through training provided by TIS to become an effective tenant scrutiny group.

### **Performance Management**

The Association operates a robust performance management system based on the annual internal management plan. The objectives contained within this document flow through the entire organisation and are reflected in the individual staff members' development reviews. From these, training needs assessment is carried out and the appropriate training programme prepared for the year. The Association is committed to involving staff in decision making and policy making. As such, we also have two staff review days each year. We also involve our Board members in a skills and training review.

The Association monitors and reviews performance in a number of ways. Each month key performance indicators are reported to the Board, allowing trends to be detected and early action to be taken when required.

Glen Oaks is also a member of two benchmarking groups where performance comparisons are reviewed and discussed in detail.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2018

### Review of Business and Future Developments (Continued)

#### Best use of resources

We regularly conduct risk assessments and take any necessary action to reduce or limit risk. We have updated stock condition information, to ensure that our long-term financial planning reflects our future investment requirements.

#### Services

The Association aims to provide excellent service to our tenants. Our Gold Service scheme has been in place for a number of years and has been well received by tenants. The scheme provides benefits to those tenants that keep to the conditions of their tenancy agreement. In this current year we provided bonus bonds and organised various competitions.

#### Maintenance Policies

In line with the SORP 2014, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other Major repairs are charged to the Statement of Comprehensive Income.

#### Development Issues

The Association completed a development of 48 houses and flats in Arden.

#### Housing Issues

We have put a number of measures in place to help tackle the effects of welfare reform and manage Universal Credit. We were successful in being awarded funding from the Big Lottery and People and Communities Fund. This funding has allowed us to develop the Starting Out project which assists our most vulnerable tenants with financial capability, energy advice and on-line services. We continue to work closely with many local partners supporting tenants in the sustainment of their tenancy. Our turnover this year was lower. However, we took longer to let the properties which saw a small increase in void rent loss. Our gross rent arrears reduced to 4.59% - almost 1 % lower than last year.

#### Communities issues

The Association continued to work closely with many partner organisations in order to develop and improve services to the local communities. One of our main projects is the Workingrite project and we introduced the Handy person Service for residents over 65 years or who have a disability.

#### Property Maintenance

The final phase of a kitchen and bathroom replacement contract was completed in 2017-18 as well as a full programme of cyclical maintenance which included:

- Electrical safety inspections
- External and Internal paintwork
- Gas servicing
- 6 monthly inspections of common water tanks
- Roof anchor inspections
- Gutter cleaning.

# **GLEN OAKS HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2018**

### **Review of Business and Future Developments (Continued)**

#### **Risk Management Policy**

The Association has a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence and identifying means of mitigating the risks. As part of this process the Board has reviewed the adequacy of the Association's current Internal controls.

In addition, the Board has considered the guidance for directors of public listed companies contained within the Turnbull Report. The Board believe that, although this is not mandatory for the Association, it should, as a public body, adopt these guidelines as best practice.

Accordingly the Board have set policies on internal controls which cover the following:

- Consideration of the type of risks the Association faces;
- The level of risks which they regard as acceptable;
- The likelihood of the risks concerned materialising;
- The Association's ability to reduce the incidence and impact on the business of risks that do materialise;
- Clarified the responsibility of management to implement policies and identify and evaluate risks;
- Communicated that employees have responsibility for internal control as part of their accountability for achieving objectives;
- Embedded the control system in the RSL's operations so that it becomes part of the culture of the Association;
- Developed systems to respond quickly to evolving risks arising from factors within and to changes in the external environment; and
- Included procedures for reporting failings immediately to appropriate levels of management and the Board together with details of corrective action being taken.

#### **Volunteers**

The Association is grateful for the unstinting efforts of volunteers who are involved in the Board.

#### **Credit Payment Policy**

The Association's Policy concerning the payment of its trade creditors complies with the confederation of British Industry Guidelines. The average payment period is thirty days.

#### **Rental Income**

The Rent Increase for the year was 2.9%.

#### **Budgetary process**

Each year the Board approves the annual Budget. Key risk areas are identified and performance is monitored, and relevant action taken, throughout the year through quarterly reporting to the Board of variances from the Budget. Updated forecasts for the year are prepared together with the information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

# **GLEN OAKS HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2018**

### **Review of Business and Future Developments (Continued)**

#### **Treasury Management**

The Association has an active treasury management function, which operates in accordance with the treasury policy approved by the Board. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. The Association, as a matter of policy, does not enter into transactions of a speculative nature.

#### **Going Concern**

No material uncertainties that may cast significant doubt about the Association's ability to continue as a going concern have been identified by the Board.

#### **Quality and Integrity of Personnel**

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and ethical standards expected are communicated through the Chief Executive.

#### **Sale of Housing Properties**

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales 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 and the grants removed from the financial statements.

#### **Employee Involvement and Health and Safety**

The Association encourages employee involvement in all initiatives and maintaining Health & Safety standards in all areas.

#### **Disabled Employees**

Applications for employment from disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the Association may continue. It is the Policy of the Association that training, career development and promotion opportunities should be available to all employees.

#### **Board and officers insurance**

Glen Oaks has purchased and maintains insurance to cover its Board and officers against liabilities in relation to their duties on behalf of Glen Oaks, as authorised by the Association's rules.

#### **Future Developments**

The Association will continue with its policy of improving the quality of housing and housing services within its areas of activity, working with its existing and new partners.



# **GLEN OAKS HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2018**

### **Board and Executive Officers**

The members of the Board and the Executive Officers are listed on Page 1.

Each member of the Board holds one fully paid share of £1 in the Association. The Executive Officers 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 Board.

The members of the Board are also Trustees of the Charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

### **Statement of Board's Responsibilities**

The Co-operative and Community Benefit Societies Act 2014 requires the Board 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 surplus or deficit of the Association for that period. In preparing those Financial Statements, the Board is 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 the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015. They are 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board must in determining how amounts are presented within items in the Statement of Comprehensive Income and Statement of Financial Position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board are aware:

- there is no relevant audit information (information needed by the Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- the Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

# **GLEN OAKS HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2018**

### **Statement on Internal Financial Control**

The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:-

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

### **Donations**

During the year the Association made charitable donations amounting to £852 (2017 - £495).

### **Auditors**

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

### **By order of the Board**

#### **MRS M MUNDT**

Secretary  
22 August 2018

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## REPORT BY THE AUDITORS TO THE MEMBERS OF GLEN OAKS HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

### **Basis of Opinion**

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

### **Opinion**

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards contained within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Board, and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Board's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

### **ALEXANDER SLOAN**

Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
22 August 2018



**Alexander Sloan**  
Accountants and Business Advisers

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLEN OAKS HOUSING ASSOCIATION LIMITED

### Opinion

We have audited the financial statements of Glen Oaks Housing Association Limited ("the Association") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLEN OAKS HOUSING ASSOCIATION LIMITED (Continued)

### Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities as set out on Page 7, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### ALEXANDER SLOAN

Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
22 August 2018



Alexander Sloan  
Accountants and Business Advisers

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
<b>REVENUE</b>	2		6,194,347		5,854,501
Operating Costs	2		(4,865,808)		(4,718,933)
<b>OPERATING SURPLUS</b>			1,328,538		1,135,568
Gain / (Loss) On Sale Of Housing Stock	7	105,793		(5,170)	
Interest Receivable and Other Income		7,417		19,876	
Interest Payable and Similar Charges	8	(967,517)		(958,106)	
Other Finance Charges	11	(3,000)		(95,212)	
			(857,307)		(1,038,612)
<b>SURPLUS FOR THE YEAR</b>	9		471,231		96,956
Other Comprehensive Income			-		-
<b>TOTAL COMPREHENSIVE INCOME</b>			471,231		96,956

The notes on pages 16 to 29 form part of these financial statements.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	12 (a)		50,026,579		50,569,590
Intangible Assets	12 (b)		330,919		349,028
Other Non-current Assets	12 (c)		326,975		312,713
			<u>50,684,473</u>		<u>51,231,331</u>
<b>INVESTMENTS</b>					
Investment properties	24.	28,500		27,455	
			<u>28,500</u>	<u>27,455</u>	27,455
<b>CURRENT ASSETS</b>					
Receivables	14.	297,277		344,985	
Cash at bank and in hand		5,645,433		5,818,717	
		<u>5,942,709</u>		<u>6,163,702</u>	
<b>CREDITORS:</b> Amounts falling due within one year	15	<u>(2,529,774)</u>		<u>(2,962,703)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,412,935</u>		<u>3,200,999</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>54,125,908</u>		<u>54,459,785</u>
<b>CREDITORS:</b> Amounts falling due after more than one year	16		<u>(21,564,025)</u>		<u>(22,010,778)</u>
<b>DEFERRED INCOME</b>					
Social Housing Grants	18	(23,494,613)		(23,836,043)	
Other Grants	18	<u>(2,553,192)</u>		<u>(2,570,109)</u>	
			<u>(26,047,805)</u>		<u>(26,406,152)</u>
<b>NET ASSETS</b>			<u><u>6,514,078</u></u>		<u><u>6,042,855</u></u>
<b>EQUITY</b>					
Share Capital	19		117		125
Revenue Reserves			<u>6,513,961</u>		<u>6,042,730</u>
			<u><u>6,514,078</u></u>		<u><u>6,042,855</u></u>

The Financial Statements were approved by the Board and authorised for issue and signed on their behalf on 22 August 2018.

Mrs E McShane  
Chairperson

Mr S Gaunt  
Treasurer

Mrs M Mundt  
Secretary

The notes on pages 16 to 29 form part of these financial statements.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017
		£	£	£
<b>Net cash inflow from operating activities</b>	17	1,661,750		1,745,337
<b>Investing Activities</b>				
Acquisition and Construction of Properties	(834,773)		(5,465,455)	
Purchase of Intangible Fixed Assets	(12,637)		(187,464)	
Purchase of Other Fixed Assets	(47,576)		(11,958)	
Social Housing Grant Received	81,444		1,839,749	
Social Housing Grant Repaid	(167,045)		(32,723)	
Other Grants Received	9,771		-	
Investment property revaluation	(1,045)		-	
Proceeds on Disposal of Properties	356,019		85,708	
<b>Net cash outflow from investing activities</b>		(615,842)		(3,772,143)
<b>Financing Activities</b>				
Loan Advances Received	-		2,964,000	
Interest Received on Cash and Cash Equivalents	7,417		19,876	
Interest Paid on Loans	(967,517)		(958,106)	
Loan Principal Repayments	(259,095)		(255,435)	
Share Capital Issued	3		3	
<b>Net cash (outflow) / inflow from financing activities</b>		(1,219,192)		1,770,338
<b>Decrease in cash</b>		(173,284)		(256,468)
<b>Opening Cash &amp; Cash Equivalents</b>		5,818,717		6,075,185
<b>Closing Cash &amp; Cash Equivalents</b>		<b>5,645,433</b>		<b>5,818,717</b>
<b>Cash and Cash equivalents as at 31 March</b>				
Cash		5,645,433		5,818,717
		<b>5,645,433</b>		<b>5,818,717</b>

The notes on pages 16 to 29 form part of these financial statements.



# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
<b>Balance as at 1 April 2016</b>	128	5,945,774	5,945,902
Issue of Shares	3	-	3
Cancellation of Shares	(6)	-	(6)
Surplus for the year	-	96,956	96,956
<b>Balance as at 31 March 2017</b>	<b>125</b>	<b>6,042,730</b>	<b>6,042,855</b>
<b>Balance as at 1 April 2017</b>	125	6,042,730	6,042,855
Issue of Shares	3	-	3
Cancellation of Shares	(11)	-	(11)
Surplus for the year	-	471,231	471,231
<b>Balance as at 31 March 2018</b>	<b>117</b>	<b>6,513,961</b>	<b>6,514,078</b>

The notes on pages 16 to 29 form part of these financial statements.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice - Accounting for Registered Social Landlords 2014 and the Co-operative and Community Benefits Societies Act 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods beginning on or after 1 January 2015.

#### Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

#### Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the structure of the Housing Properties which is 100 years.

#### Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. In respect of new employees, the Association now offers membership of the Scottish Housing Association Defined Contribution Scheme.

The Association still has a liability for past service costs to the Scottish Housing Association Defined Benefits Pension Scheme. The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

The Association participates in the Scottish Housing Association Defined Contribution Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from the Association, with the Association also paying the employee contributions under an agreement with employees resulting on the transition from the defined benefit scheme. This agreement will last for the next two years at which time employees will begin to pay their own contributions.

#### Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Kitchens	Over 15 years
Bathrooms	Over 20 years
Boilers/Fires	Over 15 years
Windows/Doors	Over 25 years
Land	Not depreciated
Structure	Over 100 years
Roofs	Over 60 years
Mechanical Systems	Over 30 years
Electrics	Over 30 years
Windows 2	Over 45 Years

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Depreciation and Impairment of Other Non-Current Assets

Non-current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Asset Category	Depreciation Rate
Office Premises	2% Per annum
Furniture and Equipment	25% Per annum
Motor Vehicles	25% Per annum
Housing Software	10% Per annum

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

#### Investment Properties

Investment properties are stated on an EUV-SH basis with the latest valuation having been performed by an Independent professional adviser, JLL, in June 2018.

#### Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accruals Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the structure of the Housing Properties which is 100 years.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

#### Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating costs. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

#### Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

#### Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

##### a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

##### b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### **c) Useful life of properties, plant and equipment**

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

#### **d) Costs of shared ownership**

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

#### **Leases/Leased Assets**

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

#### **Works to Existing Properties**

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

#### **Capitalisation Of Development Overheads**

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

#### **VAT**

The Association is VAT registered but a large proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

#### **Key Judgements made in the application of Accounting Policies**

##### ***a) The Categorisation of Housing Properties***

In the judgement of the Board the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

##### ***b) Identification of cash generating units***

The Association considers its cash-generating units to be the schemes in which it manages its housing property

##### ***c) Financial instrument break clauses***

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

##### ***d) Pension Liability***

In March 2018 the Association received details from the Pension Trust of the valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements.

#### **Financial Instruments - Basic**

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2018			2017		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	5,993,779	4,341,096	1,652,683	5,643,549	4,084,179	1,559,370
Other Activities	4	200,567	524,712	(324,144)	210,952	634,754	(423,802)
<b>Total</b>		<b>6,194,347</b>	<b>4,865,808</b>	<b>1,328,538</b>	<b>5,854,501</b>	<b>4,718,933</b>	<b>1,135,568</b>

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2018 Total £	2017 Total £
<b>Revenue from Lettings</b>				
Rent receivable net of service charges	5,479,849	106,344	5,586,193	5,217,486
Service charges receivable	130,700	317	131,017	140,306
<b>Gross income from rent and service charges</b>	<b>5,610,549</b>	<b>106,661</b>	<b>5,717,210</b>	<b>5,357,792</b>
Less: Rent losses from voids	37,592	-	37,592	29,686
<b>Net Rents Receivable</b>	<b>5,572,958</b>	<b>106,661</b>	<b>5,679,619</b>	<b>5,328,106</b>
Grants released from deferred income	302,598	11,563	314,161	315,443
<b>Total turnover from affordable letting activities</b>	<b>5,875,555</b>	<b>118,224</b>	<b>5,993,779</b>	<b>5,643,549</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	1,657,129	11,786	1,668,915	1,438,019
Service Costs	164,531	-	164,531	157,199
Planned and cyclical maintenance, including major repairs	449,259	-	449,259	436,747
Reactive maintenance costs	848,969	-	848,969	831,386
Bad Debts - rents and service charges	38,230	-	38,230	67,540
Depreciation of affordable let properties	1,108,309	62,884	1,171,193	1,153,288
<b>Operating costs of affordable letting activities</b>	<b>4,266,426</b>	<b>74,670</b>	<b>4,341,096</b>	<b>4,084,179</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,609,129</b>	<b>43,554</b>	<b>1,652,683</b>	<b>1,559,370</b>
<b>2017</b>	<b>1,514,861</b>	<b>44,509</b>		

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2018	Operating Surplus / (Deficit) 2017
	£	£	£	£	£	£	£	£
Wider role activities	87,733	57,318	-	145,051	-	313,360	(168,309)	(258,725)
Investment property activities	-	-	1,045	1,045	-	-	1,045	-
Factoring	-	-	53,471	53,471	-	53,280	191	(23,940)
Development and constructions of property activities	-	-	-	-	-	94,627	(94,627)	(109,815)
Other activities	-	-	1,000	1,000	-	31,597	(30,597)	(31,322)
Rechargeable repairs	-	-	-	-	24,903	6,944	(31,848)	-
<b>Total From Other Activities</b>	<b>87,733</b>	<b>57,318</b>	<b>55,516</b>	<b>200,567</b>	<b>24,903</b>	<b>499,809</b>	<b>(324,144)</b>	<b>(423,802)</b>
<b>2017</b>	<b>101,456</b>	<b>53,800</b>	<b>55,696</b>	<b>210,952</b>	<b>-</b>	<b>634,754</b>	<b>(423,802)</b>	

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	2018	2017
	£	£
	298,653	311,446
	40,665	39,926
	76,504	75,295
	339,318	351,373

  

	Number	Number
£60,001 to £70,000	3	2
£70,001 to £80,000	1	2

### 6. EMPLOYEE INFORMATION

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

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

	2018	2017
	No.	No.
	28	29
	31	32

  

	£	£
	1,057,259	1,087,098
	108,901	114,579
	139,506	138,627
	27,434	22,752
	1,333,100	1,363,056

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. GAIN / (LOSS) ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	356,019	85,708
Cost of Sales	250,226	90,878
Gain / (Loss) On Sale Of Housing Stock	<u>105,793</u>	<u>(5,170)</u>

## 8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	<u>967,517</u>	<u>958,106</u>

## 9. SURPLUS FOR THE YEAR

	2018	2017
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,188,642	1,132,160
Amortisation - Intangible Owned Assets	30,745	13,896
Auditors' Remuneration - Audit Services	8,500	8,250
Auditors' Remuneration - Other Services	-	1,870
(Gain) / loss on sale of fixed assets	<u>(105,793)</u>	<u>21,507</u>

## 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

## 11. OTHER FINANCE CHARGES

	2018	2017
	£	£
Unwinding of Discounted Liabilities	<u>3,000</u>	<u>95,212</u>



# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Care Home £	Total £
<b>COST</b>					
As at 1 April 2017	52,741,757	6,246,466	1,768,717	1,130,981	61,887,921
Additions	829,373	5,400	-	-	834,773
Disposals	(425,953)	-	(122,383)	-	(548,336)
Schemes Completed	6,216,292	(6,216,292)	-	-	-
Transfers	93,647	-	(93,647)	-	-
As at 31 March 2018	<u>59,455,116</u>	<u>35,574</u>	<u>1,552,687</u>	<u>1,130,981</u>	<u>62,174,358</u>
<b>DEPRECIATION</b>					
As at 1 April 2017	9,690,219	-	1,507,060	121,052	11,318,331
Charge for Year	1,076,660	-	62,884	15,784	1,155,328
Disposals	(227,849)	-	(98,031)	-	(325,880)
Transfers	78,788	-	(78,788)	-	-
As at 31 March 2018	<u>10,617,818</u>	<u>-</u>	<u>1,471,913</u>	<u>136,836</u>	<u>12,147,779</u>
<b>NET BOOK VALUE</b>					
As at 31 March 2018	<u>48,837,298</u>	<u>35,574</u>	<u>80,774</u>	<u>994,145</u>	<u>50,026,579</u>
As at 31 March 2017	<u>43,051,538</u>	<u>6,246,466</u>	<u>261,657</u>	<u>1,009,929</u>	<u>50,569,590</u>

Additions to housing properties include capitalised development administration costs of £nil (2017 - £nil) and capitalised major repair costs to existing properties of £610,050 (2017 - £1,641,722).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,097,506 (2017 - £2,377,095). The amount capitalised is £829,373 (2017 - £1,940,348) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £541,457 (2017 - £1,246,087), improvement of £68,593 (2017 - £395,635) and new stock of £219,323 (2017 - £298,626).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

The Association's Lenders have standard securities over Housing Property with a carrying value of £33,252,181 (2017 - £34,870,229).

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON CURRENT ASSETS (Continued)

(b) Intangible Assets	Housing Software £	Total £
<b>COST</b>		
As at 1 April 2017	362,924	362,924
Additions	12,637	12,637
As at 31 March 2018	<u>375,561</u>	<u>375,561</u>
<b>AGGREGATE DEPRECIATION</b>		
As at 1 April 2017	13,896	13,896
Charge for year	30,745	30,745
As at 31 March 2018	<u>44,642</u>	<u>44,642</u>
<b>NET BOOK VALUE</b>		
As at 31 March 2018	<u>330,919</u>	<u>330,919</u>
As at 31 March 2017	<u>349,028</u>	<u>349,028</u>

## 12. NON CURRENT ASSETS (Continued)

(c) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Motor Vehicles £	Total £
<b>COST</b>				
As at 1 April 2017	330,356	301,924	10,183	642,463
Additions	-	47,576	-	47,576
As at 31 March 2018	<u>330,356</u>	<u>349,500</u>	<u>10,183</u>	<u>690,039</u>
<b>AGGREGATE DEPRECIATION</b>				
As at 1 April 2017	69,738	249,829	10,183	329,750
Charge for year	6,607	26,707	-	33,314
As at 31 March 2018	<u>76,345</u>	<u>276,536</u>	<u>10,183</u>	<u>363,064</u>
<b>NET BOOK VALUE</b>				
As at 31 March 2018	<u>254,011</u>	<u>72,964</u>	<u>-</u>	<u>326,975</u>
As at 31 March 2017	<u>260,618</u>	<u>52,095</u>	<u>-</u>	<u>312,713</u>

## 13. CAPITAL COMMITMENTS

	2018 £	2017 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>3,298,589</u>	<u>-</u>

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

# GLEEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 14. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Arrears of Rent & Service Charges	332,756	269,560
<b>Less:</b> Provision for Doubtful Debts	<u>(107,811)</u>	<u>(85,557)</u>
	224,945	184,003
Social Housing Grant Receivable	-	11,991
Other Receivables	<u>72,332</u>	<u>148,991</u>
	<u>297,277</u>	<u>344,985</u>

## 15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Housing Loans	285,235	306,220
Trade Payables	245,822	818,140
Rent Received in Advance	299,824	288,648
Other Taxation and Social Security	1,295	806
Other Payables	1,106,513	929,635
Liability for Past Service Contributions	210,660	203,540
Accruals and Deferred Income	<u>380,425</u>	<u>415,714</u>
	<u>2,529,774</u>	<u>2,962,703</u>

At the balance sheet date there were pension contributions outstanding of £1,295 (2017 - £806).

## 16. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Liability for Past Service Contributions	627,132	835,776
Housing Loans	<u>20,936,894</u>	<u>21,175,002</u>
	<u>21,564,025</u>	<u>22,010,778</u>
<b>Housing Loans</b>		
Amounts due within one year	285,235	306,220
Amounts due in one year or more but less than two years	290,680	311,536
Amounts due in two years or more but less than five years	905,914	967,576
Amounts due in more than five years	<u>19,740,300</u>	<u>19,895,890</u>
	21,222,129	21,481,222
Less: Amount shown in Current Liabilities	<u>285,235</u>	<u>306,220</u>
	<u>20,936,894</u>	<u>21,175,002</u>
<b>Liability for Past Service Contributions</b>		
Amounts due within one year	210,660	203,540
Amounts due in one year or more but less than two years	216,979	207,447
Amounts due in two years or more but less than five years	<u>410,153</u>	<u>628,329</u>
	837,792	1,039,316
Less: Amount shown in Current Liabilities	<u>210,660</u>	<u>203,540</u>
	<u>627,132</u>	<u>835,776</u>

Included within loans after five years is £1,520,932 (2017 - £1,590,830) relating to a premium received on the issue of a £14.3m bond. This is being released to the Statement of Comprehensive Income over the period of the bond.

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Nationwide	Standard security over 5 properties	3.6%	2033	Variable
Nationwide	Standard security over 33 properties	1.0%	2030	Variable
Nationwide	Standard security over 22 properties	3.6%	2033	Variable
Nationwide	Standard security over 53 properties	1.0%	2034	Variable
Clydesdale	Standard security over 28 properties	2.5%	2035	Variable
RBS	Standard security over 78 properties	2.1%	2025	Variable
RBS	Standard security over 78 properties	2.2%	2041	Variable
THFC	Standard security over 914 properties	6.4%	2039	Fixed

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash outflows have been discounted at a rate of 1.51% (2017 - 1.06%)

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 17. STATEMENT OF CASH FLOWS

### Reconciliation of operating surplus to net cash inflow from operating activities

	2018 £	2017 £
Operating Surplus	1,328,538	1,135,568
Depreciation	1,204,508	1,192,024
Amortisation of Intangible Fixed Assets	30,745	(37,940)
Amortisation of Capital Grants	(314,160)	(315,443)
Change in debtors	35,717	(31,593)
Change in creditors	(620,588)	(118,399)
Loss on sale of fixed assets	-	16,337
Unwinding of Discount on Pension Liability	(3,000)	(95,212)
Share Capital Written Off	(11)	(6)
Net cash inflow from operating activities	<u>1,661,750</u>	<u>1,745,337</u>

## 18. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Properties £	Care Home £	Total £
<b>Social Housing Grants</b>					
As at 1 April 2017	23,625,493	3,156,240	1,333,154	877,507	28,992,394
Additions in the year	69,453	-	-	-	69,453
Eliminated on disposal of components and property Transferred	(135,501)	-	(92,927)	-	(228,428)
	3,232,617	(3,156,240)	(76,377)	-	-
As at 31 March 2018	<u>26,792,062</u>	<u>-</u>	<u>1,163,850</u>	<u>877,507</u>	<u>28,833,419</u>
<b>Amortisation</b>					
As at 1 April 2017	3,799,772	-	1,286,379	70,200	5,156,351
Amortisation in year	343,510	-	11,562	8,775	363,847
Eliminated on disposal	(19,882)	-	(161,510)	-	(181,392)
As at 31 March 2018	<u>4,123,102</u>	<u>-</u>	<u>1,136,729</u>	<u>78,975</u>	<u>5,338,806</u>
<b>Net Book Value</b>					
As at 31 March 2018	<u>22,668,960</u>	<u>-</u>	<u>27,121</u>	<u>798,532</u>	<u>23,494,613</u>
As at 31 March 2017	<u>19,825,721</u>	<u>3,156,240</u>	<u>46,775</u>	<u>807,307</u>	<u>23,836,043</u>
<b>Other Grants</b>					
As at 1 April 2017	2,668,186	-	-	-	2,668,186
Additions in the year	9,771	-	-	-	9,771
As at 31 March 2018	<u>2,677,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,677,957</u>
<b>Amortisation</b>					
As at 1 April 2017	98,077	-	-	-	98,077
Amortisation in year	26,688	-	-	-	26,688
As at 31 March 2018	<u>124,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,765</u>
<b>Net Book Value</b>					
As at 31 March 2018	<u>2,553,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,553,192</u>
As at 31 March 2017	<u>2,570,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,570,109</u>
<b>Total grants net book value as at 31 March 2018</b>	<u>25,222,152</u>	<u>-</u>	<u>27,121</u>	<u>798,532</u>	<u>26,047,805</u>
<b>Total grants net book value as at 31 March 2017</b>	<u>22,395,830</u>	<u>3,156,240</u>	<u>46,775</u>	<u>807,307</u>	<u>26,406,152</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2018 £	2017 £
Amounts due within one year	390,535	315,443
Amounts due in one year or more	25,657,270	26,090,709
	<u>26,047,805</u>	<u>26,406,152</u>

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018 £	2017 £
As at 1 April 2017	125	128
Issued in year	3	3
Cancelled in year	(11)	(6)
At 31 March 2018	<u>117</u>	<u>125</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

### 20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018 No.	2017 No.
General Needs - New Build	1,301	1,297
Shared Ownership	39	44
	<u>1,340</u>	<u>1,341</u>

### 21. RELATED PARTY TRANSACTIONS

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

The Board members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Board member has a connection with is made at arm's length and under normal commercial terms.

Transactions with Board members (and their close family) were as follows:

	2018 £	2017 £
Rent received from tenants on the Board and their close family members	<u>30,612</u>	<u>31,117</u>

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were £438 (2017 - £956).

Members of the Board who are tenants	8	6
Members of the Board who are local authority employees	<u>1</u>	<u>1</u>

### 22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 3 Kilmuir Drive, Arden, Glasgow, G46 8BW.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in the Greater Pollok area of South West Glasgow.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 23. BOARD MEMBER EMOLUMENTS

Board members received £965 (2017 - £994) in the year by way of reimbursement of expenses. No remuneration is paid to Board members in respect of their duties to the Association.

### 24. INVESTMENTS

#### Investment properties

	<b>Commercial Properties £</b>	<b>Total £</b>
Valuation		
As at 1 April 2017	27,455	27,455
Revaluation taken to operating surplus	1,045	1,045
As at 31 March 2018	<u>28,500</u>	<u>28,500</u>

Investment properties were valued by an independent professional adviser, JLL, in June 2018 on an EUV-SH Basis.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 25. RETIREMENT BENEFIT OBLIGATIONS

#### General

Glen Oaks Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme). The Association has since moved to the Scottish Housing Association Defined Contribution Pension Scheme but still has a liability for the past service deficit under the defined benefit scheme.

#### Defined benefit pension scheme

The Scheme is a multi-employer defined benefit scheme and is funded.

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 FRS102 represents the employer contribution payable.

The last valuation of the Scheme was performed as at 30 September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £616m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Based on the final valuation, the scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £210,560 from 1 April 2018 (2017 - £204,525). Payments are expected to increase by 3% per annum and continue until February 2022.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £837,792 (2017 - £1,039,316). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.51% (2017 - 1.06%).

The Association made payments totalling £204,524 (2017- £181,800) to the pension scheme during the year in respect of the past service deficit.

#### Defined contributions pension scheme

During the accounting period, Glen Oaks Housing Association Limited paid contributions at rates between 8.0% and 15.0% of pensionable salaries. Member contributions were made at rates between 0.0% and 15.0% of pensionable salary.

As at the statement of financial position date there were 32 active members of the scheme employed by Glen Oaks Housing Association Limited. Glen Oaks Housing Association Limited continues to offer membership of the scheme to new employees.

The Association made payments totalling £139,506 (2017 - £138,627) to the pension scheme during the year in respect of the employer and employee contributions. The Association is also paying the employee contributions under an agreement with employees resulting on the transition from the defined benefit scheme. This agreement will last for the next two years at which time the employees will begin to pay their own contributions.