



**Alexander Sloan**  
Accountants and Business Advisers

# **Glen Oaks Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31 March 2019**

**Registered Housing Association No. HCB 241**

**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 2019

### BOARD

Mrs E McShane	Chair
Mr S Gaunt	Vice-Chair
Ms K Barker	Treasurer
Mrs P McGinlay MBE	
Mrs H Gracie	
Mr M Smith	
Mr A Kirkwood	
Ms A Louden	
Ms M Flaherty	
Ms M Loughran (resigned 18.6.18)	
Mr W McNamara (resigned 10.7.18)	
Mrs M Mundt (deceased 2.9.18)	
Mr L Lawson (deceased 29.10.18)	
Mrs E Gotowicz (appointed 15.1.19)	
Mr J Ayorinde (appointed 19.6.19)	
Ms K Clayton (appointed 19.6.19)	
Mr A Edgar (appointed 19.6.19)	
Ms F Koroma (appointed 19.6.19)	
Mr M Overthrow (appointed 19.6.19)	

### EXECUTIVE OFFICERS

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

### REGISTERED OFFICE

3 Kilmuir Drive  
Arden  
Glasgow  
G46 8BW

### EXTERNAL AUDITORS

Alexander Sloan  
Accountants and Business Advisers  
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

T C 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 2019**

The Board presents its report and the Financial Statements for the year ended 31 March 2019.

### **Legal Status**

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 and management of affordable 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 £271,015 (2018 - £471,231).

#### **Business Review**

#### **Our Strategic Aims**

Glen Oaks Housing Association identifies with the following 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.

# **GLEN OAKS HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2019**

### **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 and advice. 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:  
Finance, 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 continue to 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 2019**

### **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 commenced the development of 49 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 People and Communities Fund. This funding has allowed us to continue the Starting Out project which assists our most vulnerable tenants with financial capability, energy advice and on-line services. We were also successful in being awarded funding through the Aspiring Communities Fund which has allowed for the setting up of our goConnect Project. This service seeks to engage with our most vulnerable tenants providing many opportunities, developing partnerships and ultimately building community capacity. Our turnover of properties this year was lower, as was our void rent loss at 0.54%. We did however take longer to let the properties. Our gross rent arrears increased slightly to 4.75% (2018 - 4.59%).

#### **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 Handyman Service for residents over 65 years or who have a disability. We have also been very successful in attracting funding through the Community Planning Partnership, Health and Social Care Partnership and Glasgow Life. The funding has allowed us to develop a variety of community activities, focussing on our residents health and well being.

#### **Property Maintenance**

The Association undertook the replacement of windows and balcony doors at c. 450 properties as well as commencing the first phase of kitchen and bathroom replacements. A full programme of cyclical maintenance was completed which included:

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

# **GLEN OAKS HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2019**

### **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 4.3%.

#### **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 2019**

### **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 2019**

### **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 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 2019. 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 is aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Housing 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 2019

### 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;
- 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 mis-statement 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 2019. 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 £1,834 (2018 - £852).

### Auditors

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

### By order of the Board

#### ALASDAIR MCKEE

Secretary

21 August 2019

# 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 'Regulation of Social Housing in Scotland' 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 'Regulation of Social Housing in Scotland' 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 'Regulation of Social Housing in Scotland' 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  
21 August 2019



# 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 2019 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 Society Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 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 2019.

### 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 due to fraud or error.

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 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 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  
21 August 2019



Alexander Sloan  
Accountants and Business Advisers

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
<b>REVENUE</b>	2		6,430,236		6,194,346
Operating Costs	2		(4,366,338)		(4,865,808)
<b>OPERATING SURPLUS</b>			2,063,898		1,328,538
Gain On Sale Of Housing Stock	7	3,761		105,793	
Interest Receivable and Other Income		39,419		7,417	
Interest Payable and Similar Charges	8	(1,079,195)		(967,517)	
Other Finance Income / (Charges)	11	(27,000)		(3,000)	
			(1,063,015)		(857,307)
<b>SURPLUS FOR THE YEAR</b>	9		<b>1,000,883</b>		<b>471,231</b>
<b>Other comprehensive income</b>					
Adjustment relating to Opening Pension Liability	25		(303,868)		
Actuarial Gains/ (Losses) on defined benefit Pension Plan	25		(426,000)		-
<b>TOTAL COMPREHENSIVE INCOME</b>			<b>271,015</b>		<b>471,231</b>

The notes on pages 16 to 34 form part of these financial statements.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019		2018
		£	£	£
<b>NON-CURRENT ASSETS</b>				
Housing Properties - Depreciated Cost	12 (a)		53,586,313	50,026,579
Intangible Assets	12 (b)		293,363	330,919
Other Non-current Assets	12 (c)		313,262	326,975
			<u>54,192,938</u>	<u>50,684,473</u>
<b>INVESTMENTS</b>				
Investment properties	24	28,500		28,500
			<u>28,500</u>	<u>28,500</u>
<b>CURRENT ASSETS</b>				
Receivables	14.	670,612		297,277
Cash at bank and in hand		8,675,115		5,645,433
		<u>9,345,727</u>		<u>5,942,710</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(3,162,140)</u>		<u>(2,529,774)</u>
<b>NET CURRENT ASSETS</b>			<u>6,183,587</u>	<u>3,412,936</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			60,405,025	54,125,909
<b>CREDITORS: Amounts falling due after more than one year</b>	16		<u>(25,173,312)</u>	<u>(21,564,026)</u>
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>				
Scottish Housing Association Pension Scheme	25	<u>(1,384,000)</u>		-
			<u>(1,384,000)</u>	-
<b>DEFERRED INCOME</b>				
Social Housing Grants	18	<u>(24,536,514)</u>		<u>(23,494,613)</u>
Other Grants	18	<u>(2,526,112)</u>		<u>(2,553,192)</u>
			<u>(27,062,626)</u>	<u>(26,047,805)</u>
<b>NET ASSETS</b>			<u><b>6,785,087</b></u>	<u><b>6,514,078</b></u>
<b>EQUITY</b>				
Share Capital	19		111	117
Revenue Reserves			8,168,976	6,513,961
Pension Reserves			<u>(1,384,000)</u>	<u>-</u>
			<u><b>6,785,087</b></u>	<u><b>6,514,078</b></u>

The Financial Statements were approved by the Board and authorised for issue and signed on their behalf on 21 August 2019.

Mrs E McShane  
Chairperson

Mr A McKee  
Secretary

Ms K Barker  
Treasurer

The notes on pages 16 to 34 form part of these financial statements.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
<b>Net cash inflow from operating activities</b>	17	2,973,300	1,661,750
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(4,416,285)	(834,773)	
Purchase of Intangible Fixed Assets	-	(12,637)	
Purchase of Other Fixed Assets	(28,133)	(47,576)	
Social Housing Grant Received	1,072,740	81,444	
Social Housing Grant Repaid	-	(167,045)	
Other Grants Received	-	9,771	
Proceeds on sale of investments	-	(1,045)	
Proceeds on Disposal of Properties	13,909	356,019	
<b>Net cash outflow from investing activities</b>		(3,357,769)	(615,842)
<b>Financing Activities</b>			
Loan Advances Received	5,000,000	-	
Interest Received on Cash and Cash Equivalents	39,419	7,417	
Interest Paid on Loans	(1,041,805)	(967,517)	
Loan Principal Repayments	(583,464)	(259,095)	
Share Capital Issued	1	3	
<b>Net cash inflow / (outflow) from financing activities</b>		3,414,151	(1,219,192)
<b>Increase / (decrease) in cash</b>		3,029,682	(173,284)
<b>Opening Cash &amp; Cash Equivalents</b>		5,645,433	5,818,717
<b>Closing Cash &amp; Cash Equivalents</b>		<b>8,675,115</b>	<b>5,645,433</b>
<b>Cash and Cash equivalents as at 31 March</b>			
Cash		8,675,115	5,645,433
		<b>8,675,115</b>	<b>5,645,433</b>

The notes on pages 16 to 34 form part of these financial statements.



# GLEN OAKS HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Capital	Scottish Housing Association Pension Reserve	Revenue Reserve	Total
	£	£	£	£
<b>Balance as at 31 March 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>-</b>	<b>6,513,961</b>	<b>6,514,078</b>
<b>Balance as at 1 April 2018</b>	117	-	6,513,961	6,514,078
Issue of Shares	1	-	-	1
Cancellation of Shares	(7)	-	-	(7)
Other comprehensive income	-	(1,384,000)	654,132	(729,868)
Surplus for the year	-	-	1,000,883	1,000,883
<b>Balance as at 31 March 2019</b>	<b>111</b>	<b>(1,384,000)</b>	<b>8,168,976</b>	<b>6,785,087</b>

The notes on pages 16 to 34 form part of these financial statements.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 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' and the Statement of Recommended Practice for social housing providers 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 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 2019. 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 previously participated in the Scottish Housing Associations Defined Benefit Pension Scheme where 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 organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association moved to the Scottish Housing Associations Defined Contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as an employee benefit expense when they are due.

#### 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.

<b>Component</b>	<b>Useful Economic Life</b>
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 2019 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 accrual model 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.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

#### **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.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### 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 for asset management purposes.

##### **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**

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

#### **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.

#### **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.

##### **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 an percentage basis split across the number of properties the Association owns.

##### **e) Defined pension liability**

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

##### **f) Allocation of share of assets and liabilities for multi employer schemes**

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by the Pensions Trust.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2019			2018		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	6,154,327	3,749,218	2,405,109	5,993,779	4,341,096	1,652,683
Other Activities	4	275,909	617,120	(341,211)	200,567	524,712	(324,145)
<b>Total</b>		<b>6,430,236</b>	<b>4,366,338</b>	<b>2,063,898</b>	<b>6,194,346</b>	<b>4,865,808</b>	<b>1,328,538</b>

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

	General Needs Housing £	Shared Ownership £	2019 Total £	2018 Total £
<b>Revenue from Lettings</b>				
Rent receivable net of service charges	5,705,316	102,595	5,807,911	5,586,193
Service charges receivable	119,118	519	119,637	131,017
<b>Gross income from rent and service charges</b>	<b>5,824,434</b>	<b>103,114</b>	<b>5,927,548</b>	<b>5,717,210</b>
Less: Rent losses from voids	35,307	560	35,867	37,592
<b>Net Rents Receivable</b>	<b>5,789,127</b>	<b>102,554</b>	<b>5,891,681</b>	<b>5,679,618</b>
Grants released from deferred income	262,646	-	262,646	314,161
<b>Total turnover from affordable letting activities</b>	<b>6,051,773</b>	<b>102,554</b>	<b>6,154,327</b>	<b>5,993,779</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	1,699,676	12,329	1,712,005	1,668,914
Service Costs	142,581	-	142,581	164,531
Planned and cyclical maintenance, including major repairs	259,091	-	259,091	449,259
Reactive maintenance costs	723,253	-	723,253	848,969
Bad Debts - rents and service charges	65,885	-	65,885	38,230
Depreciation of affordable let properties	1,001,130	(154,727)	846,403	1,171,193
	-	-	-	-
<b>Operating costs of affordable letting activities</b>	<b>3,891,616</b>	<b>(142,398)</b>	<b>3,749,218</b>	<b>4,341,096</b>
<b>Operating surplus on affordable letting activities</b>	<b>2,160,157</b>	<b>244,952</b>	<b>2,405,109</b>	<b>1,652,683</b>
<b>2018</b>	<b>1,609,129</b>	<b>43,554</b>		

# GLEEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
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) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£	£	£
Wider role activities	228,403	-	-	228,403	-	419,702	(191,299)	(168,309)
Investment Property Activities	-	-	-	-	-	-	-	1,045
Factoring	46,812	-	-	46,812	-	47,292	(480)	191
Development costs	-	-	-	-	-	99,092	(99,092)	(94,627)
Other activities	-	-	694	694	-	34,044	(33,350)	(30,597)
Rechargeable repairs	-	-	-	-	11,762	5,228	(16,990)	(31,848)
<b>Total From Other Activities</b>	<b>275,215</b>	<b>-</b>	<b>694</b>	<b>275,909</b>	<b>11,762</b>	<b>605,358</b>	<b>(341,211)</b>	<b>(324,145)</b>
<b>2018</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>(324,145)</b>	

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 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

	2019	2018
	£	£
	300,202	298,653
	40,627	40,665
	77,878	76,504
	<u>340,829</u>	<u>339,318</u>

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

	Number	Number
£60,001 to £70,000	3	3
£70,001 to £80,000	<u>1</u>	<u>1</u>

### 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:

Wages and Salaries  
Social Security Costs  
Other Pension Costs  
Temporary, Agency and Seconded Staff

	2019	2018
	No.	No.
	<u>29</u>	<u>28</u>
	<u>32</u>	<u>31</u>
	1,055,601	1,057,259
	108,407	108,901
	137,469	139,506
	7,441	27,434
	<u>1,308,918</u>	<u>1,333,100</u>



# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. GAIN ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales Proceeds	13,909	356,019
Cost of Sales	10,148	250,226
Gain On Sale Of Housing Stock	<u>3,761</u>	<u>105,793</u>

### 8. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	<u>1,079,195</u>	<u>967,517</u>

### 9. SURPLUS FOR THE YEAR

	2019	2018
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	885,342	1,188,642
Auditors' Remuneration - Audit Services	9,000	8,500
Gain on sale of fixed assets	<u>(2,715)</u>	<u>(105,793)</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

	2019	2018
	£	£
Unwinding of Discounted Liabilities	-	3,000
Net Interest on Pension Scheme Assets/(Liabilities)	27,000	-
	<u>27,000</u>	<u>3,000</u>

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
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 2018	59,455,116	35,574	1,552,687	1,130,981	62,174,358
Additions	3,117,725	1,298,560	-	-	4,416,285
Disposals	(74,411)	-	-	-	(74,411)
Schemes Completed	36,221	-	(36,221)	-	-
As at 31 March 2019	<u>62,534,651</u>	<u>1,334,134</u>	<u>1,516,466</u>	<u>1,130,981</u>	<u>66,516,232</u>
<b>DEPRECIATION</b>					
As at 1 April 2018	10,617,818	-	1,393,125	136,836	12,147,779
Charge for Year	983,485	-	(154,727)	15,784	844,542
Transfers	29,339	-	(29,339)	-	-
Disposals	(62,402)	-	-	-	(62,402)
As at 31 March 2019	<u>11,568,240</u>	<u>-</u>	<u>1,209,059</u>	<u>152,620</u>	<u>12,929,919</u>
<b>NET BOOK VALUE</b>					
As at 31 March 2019	<u>50,966,411</u>	<u>1,334,134</u>	<u>307,407</u>	<u>978,361</u>	<u>53,586,313</u>
As at 31 March 2018	<u>48,837,298</u>	<u>35,574</u>	<u>159,562</u>	<u>994,145</u>	<u>50,026,579</u>

Additions to housing properties include capitalised major repair costs to existing properties of £3,073,300 (2018 - £610,050).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £4,100,069 (2018 - £2,097,506). The amount capitalised is £3,117,725 (2018 - £829,373) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £2,997,484 (2018 - £541,457), improvement of £75,816 (2018 - £68,593) and new stock of £44,425 (2018 - £219,323).

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 £44,581,672 (2018 - £33,252,181).

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON CURRENT ASSETS (Continued)

(b) Intangible Assets	Housing Software	Total £
<b>COST</b>		
As at 1 April 2018	375,561	375,561
As at 31 March 2019	375,561	375,561
<b>AGGREGATE DEPRECIATION</b>		
As at 1 April 2018	44,642	44,642
Charge for year	37,556	37,556
As at 31 March 2019	82,198	82,198
<b>NET BOOK VALUE</b>		
As at 31 March 2019	293,363	293,363
As at 31 March 2018	330,919	330,919

## 12. NON CURRENT ASSETS (Continued)

(c) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Motor Vehicles £	Total £
<b>COST</b>				
As at 1 April 2018	330,356	349,500	10,183	690,039
Additions	3,812	24,321	-	28,133
Eliminated on Disposals	-	(52,075)	-	(52,075)
As at 31 March 2019	334,168	321,746	10,183	666,097
<b>AGGREGATE DEPRECIATION</b>				
As at 1 April 2018	76,345	276,536	10,183	363,064
Charge for year	6,683	34,117	-	40,800
Eliminated on Disposals	-	(51,029)	-	(51,029)
As at 31 March 2019	83,028	259,624	10,183	352,835
<b>NET BOOK VALUE</b>				
As at 31 March 2019	251,140	62,122	-	313,262
As at 31 March 2018	254,011	72,964	-	326,975

## 13. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	6,181,844	3,298,589

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

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2019	2018
	£	£
Arrears of Rent & Service Charges	379,499	332,756
<b>Less:</b> Provision for Doubtful Debts	(86,692)	(107,811)
	<u>292,807</u>	<u>224,945</u>
Social Housing Grant Receivable	114,898	-
Other Receivables	262,907	72,332
	<u>670,612</u>	<u>297,277</u>

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

	2019	2018
	£	£
Housing Loans	465,353	285,235
Trade Payables	836,266	245,822
Rent Received in Advance	179,225	299,824
Other Taxation and Social Security	421	1,295
Other Payables	990,759	1,106,513
Liability for Past Service Contributions	-	210,660
Accruals and Deferred Income	690,116	380,425
	<u>3,162,140</u>	<u>2,529,774</u>

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2019 £	2018 £
Liability for Past Service Contributions	-	627,132
Housing Loans	25,173,312	20,936,894
	<u>25,173,312</u>	<u>21,564,026</u>
<b>Housing Loans</b>		
Amounts due within one year	465,353	285,235
Amounts due in one year or more but less than two years	467,790	290,680
Amounts due in two years or more but less than five years	1,446,002	905,914
Amounts due in more than five years	23,259,520	19,740,300
	<u>25,638,665</u>	<u>21,222,129</u>
Less: Amount shown in Current Liabilities	465,353	285,235
	<u>25,173,312</u>	<u>20,936,894</u>
<b>Liability for Past Service Contributions</b>		
Amounts due within one year	-	210,660
Amounts due in one year or more but less than two years	-	216,979
Amounts due in two years or more but less than five years	-	410,153
	<u>-</u>	<u>837,792</u>
Less: Amount shown in Current Liabilities	-	210,660
	<u>-</u>	<u>627,132</u>

Included within loans after five years is £1,452,531 (2018 - £1,520,932) 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	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Nationwide	Standard security over 5 properties	3.6%	2033	Variable
Nationwide	Standard security over 33 properties	1.4%	2030	Variable
Nationwide	Standard security over 22 properties	3.6%	2033	Variable
Nationwide	Standard security over 53 properties	1.4%	2034	Variable
Clydesdale	Standard security over 28 properties	2.7%	2035	Variable
RBS	Standard security over 78 properties	2.5%	2025	Variable
RBS	Standard security over 78 properties	2.5%	2041	Variable
THFC	Standard security over 913 properties	6.4%	2039	Fixed
Bank of Scotland	Standard security over 127 properties	2.6%	2043	variable

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 0.00% (2018 - 1.51%).

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 17. STATEMENT OF CASH FLOWS

<i>Reconciliation of surplus for the year to net cash inflow from operating activities</i>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Surplus for the year	1,000,883	471,231
Depreciation	887,203	1,204,508
Gain on disposal	(2,715)	(105,793)
Amortisation of Intangible Fixed Assets	37,556	30,745
Amortisation of Capital Grants	(172,817)	(314,160)
Change in debtors	(258,437)	35,717
Change in creditors	662,908	(620,588)
Unwinding of Discount on Pension Liability	(183,660)	(3,000)
Transfer of interest to financial activities	1,002,386	963,101
Share Capital Written Off	(7)	(11)
Net cash inflow from operating activities	<u>2,973,300</u>	<u>1,661,750</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	<b>2019</b>		<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Increase / (decrease) in cash	3,029,682	(173,284)	
Cashflow from change in net debt	(4,416,536)	1,219,189	
Movement in net debt during the year	(1,386,854)		1,045,905
Net debt at 1st April 2018	(15,576,696)		(16,622,601)
Net debt at 31 March 2019	<u>(16,963,550)</u>		<u>(15,576,696)</u>

<i>Analysis of changes in net debt</i>	<b>At</b>		<b>Other</b>	<b>At</b>
	<b>01 April 2018</b>	<b>Cashflows</b>	<b>Changes</b>	<b>31 March 2019</b>
Cash at bank and in hand	5,645,433	3,029,682		8,675,115
	5,645,433	3,029,682	-	8,675,115
Debt: Due within one year	(285,235)	(4,416,536)	4,236,418	(465,353)
Due after more than one year	(20,936,894)	-	(4,236,418)	(25,173,312)
Net Debt	<u>(15,576,696)</u>	<u>(1,386,854)</u>	-	<u>(16,963,550)</u>

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 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 2018	26,792,062	-	1,163,850	877,507	28,833,419
Additions in the year	72,494	1,115,144	-	-	1,187,638
Transferred	20,584	-	(20,584)	-	-
As at 31 March 2019	26,885,140	1,115,144	1,143,266	877,507	30,021,057
<b>Amortisation</b>					
As at 1 April 2018	4,123,102	-	1,136,729	78,975	5,338,806
Transferred	20,584	-	(20,884)	-	(300)
Amortisation in year	128,121	-	9,141	8,775	146,037
As at 31 March 2019	4,271,807	-	1,124,986	87,750	5,484,543
<b>SHARE CAPITAL</b>					
As at 31 March 2019	22,613,333	1,115,144	18,280	789,757	24,536,514
As at 31 March 2018	22,668,960	-	27,121	798,532	23,494,613
<b>Other Grants</b>					
As at 1 April 2018	2,677,957	-	-	-	2,677,957
As at 31 March 2019	2,677,957	-	-	-	2,677,957
<b>Amortisation</b>					
As at 1 April 2018	124,765	-	-	-	124,765
Transferred	300	-	-	-	300
Amortisation in year	26,780	-	-	-	26,780
As at 31 March 2019	151,845	-	-	-	151,845
<b>SHARE CAPITAL</b>					
As at 31 March 2019	2,526,112	-	-	-	2,526,112
As at 31 March 2018	2,553,192	-	-	-	2,553,192
<b>Total grants net book value as at 31 March 2019</b>	<b>25,139,445</b>	<b>1,115,144</b>	<b>18,280</b>	<b>789,757</b>	<b>27,062,626</b>
<b>Total grants net book value as at 31 March 2018</b>	<b>25,222,152</b>	<b>-</b>	<b>27,121</b>	<b>798,532</b>	<b>26,047,805</b>

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

	2019 £	2018 £
Amounts due within one year	172,817	390,535
Amounts due in one year or more	26,889,809	25,657,270
	<b>27,062,626</b>	<b>26,047,805</b>

## 19. SHARE CAPITAL

### Shares of £1 each Issued and Fully Paid

	2019 £	2018 £
As at 1 April 2018	117	125
Issued in year	1	3
Cancelled in year	(7)	(11)
As at 31 March 2019	<b>111</b>	<b>117</b>

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.

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

General Needs - New Build  
Shared Ownership

	2019 No.	2018 No.
	1,301	1,301
	38	39
	<u>1,339</u>	<u>1,340</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 is under normal commercial terms.

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

	2019 £	2018 £
Rent received from tenants on the Board and their close family members	<u>27,509</u>	<u>30,612</u>

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were £1,998 (2018 - £438).

Members of the Board who are tenants	<u>5</u>	8
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Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102.

Members of the Board who are local authority employees	<u>1</u>	<u>1</u>
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### 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.

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.

### 23. BOARD MEMBER EMOLUMENTS

Board members received £518 (2018 - £965) 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

	Commercial Properties £	Total £
Valuation		
As at 1 April 2018	28,500	28,500
As at 31 March 2019	<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 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 25. RETIREMENT BENEFIT OBLIGATIONS

#### Scottish Housing Association Pension Scheme

Glen Oaks Housing Association participated in the Scottish Housing Association Pension Scheme (the scheme). The scheme is a multi-employer defined benefit scheme. The scheme is funded and contracted out of the state scheme. ("The Association is an admitted body under the Scottish Housing Association Pension Fund, the assets of which are held in a separate Trustee administered fund.")

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 Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2016. 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 £341m and indicated an increase in the shortfall of assets compared to liabilities to approximately £207m, equivalent to a past service funding level of 62.2%.

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 employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

At the balance sheet date there were 17 active members of the scheme employed by the Association. Total pension contributions made by the Association for the year were £217,000. Gross pensionable salaries were £710,000.

#### Change in Accounting Estimate

The pension fund is administered by the Pensions Trust. Previously only the past service deficit was included as a liability in the financial statements as the Association's share of the pension assets and liabilities could not be determined. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The figures are available at 1 April 2018 and 31 March 2019. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

In January 2019, the FRS issued FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans) which provides proposed changes to FRS 102 on how to treat the transition from defined contribution to defined benefit accounting. This method has been adopted by the Housing Association as the most appropriate treatment. As a result the change has been accounted for as a change in accounting estimate.

Due to the change in accounting estimate the past service deficit liability has been removed as the liability is included in the pension liability now calculated by the actuary and shown under Pension and Other Provisions for Liabilities and Charges in the Statement of Financial Position. The change has been reflected in Other Comprehensive Income as follows:

# GLEN OAKS HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 25. RETIREMENT BENEFIT OBLIGATIONS

	£	
Opening pension liability per actuary		1,141,000
Opening past service deficit		(837,792)
Movement to other comprehensive income		<u>303,208</u>

As a result the unwinding of the past service deficit is no longer shown within finance charges. Instead the expenses, interest and other comprehensive income as detailed within this note are incorporated within the financial statements.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

#### Principal Actuarial Assumptions

Assumptions as at	<b>2019</b>	<b>2018</b>
	<b>%p.a.</b>	<b>%p.a.</b>
Discount Rate	2.3%	2.6%
Inflation (RPI)	3.3%	3.2%
Inflation (CPI)	2.3%	2.2%
Salary Growth	3.3%	3.2%

The defined benefit obligation is estimated to comprise of the following:

	<b>2019</b>
	<b>£000</b>
Employee members	17
Deferred pensioners	13
Pensioners	11
	<u>41</u>

#### Mortality Rates

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

	<b>Males</b>	<b>Females</b>
	<b>(Years)</b>	<b>(Years)</b>
Current Pensioners	21.7	23.4
Future Pensioners	23.1	24.7

# GLEEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 25. RETIREMENT BENEFIT OBLIGATIONS

### Fair value of scheme assets by category

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Growth Assets	3,382	3,225
Matching Plus	792	677
Liability Driven Investment	2,580	2,442
Net Current Assets	7	12
	<u>6,761</u>	<u>6,356</u>

### Net Pension Liability

	<b>2019</b>
	<b>£000</b>
Fair value of employer's assets	6,836
Present value of scheme liabilities	(8,145)
	<u>(1,309)</u>

### Reconciliation of fair value of employer assets

	<b>2019</b>
	<b>£000</b>
Opening fair value of employer assets	6,356
Expected Return on Assets	166
Contributions by Members	-
Contributions by the Employer	217
Actuarial Gains / (Losses)	97
Estimated Benefits Paid	-
<b>Closing fair value</b>	<u>6,836</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £263,000.

### Reconciliation of defined benefit obligations

	<b>2019</b>
	<b>£000</b>
Opening defined benefit obligation	7,497
Current Service Cost	7
Interest Cost	193
Contributions by members	-
Actuarial Losses	523
Estimated Benefits Paid	(75)
<b>Closing defined benefit obligation</b>	<u>8,145</u>

# GLEN OAKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 25. RETIREMENT BENEFIT OBLIGATIONS

### Analysis of amount charged to the Income and Expenditure Account

	2019 £000
Charged to operating costs:	
Service cost	7
Charged to Other Finance Costs / (Income)	
Expected Return on employer assets	(166)
Interest on pension scheme liabilities	193
	27
<b>Net Charge to the Income and Expenditure Account</b>	<b>34</b>

### Actuarial Gain / (Loss) recognised in Other Comprehensive Income

	2019 £000
Experience on plan assets	97
Experience gains and losses arising on the plan liabilities	48
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(20)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	(551)
Actuarial gain/(loss) recognised in year	(426)