



Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Society name:

THE GLASGOW HOUSING ASSOCIATION LIMITED

Important information you should read before completing this form

You must use this form if you are a:

- registered society (previously referred to as an 'industrial and provident society')
- co-operative society
- community benefit society

registered under the Co-operative and Community Benefit Societies Act 2014.

You must submit this form and the society's accounts within 7 months of the end of your financial year. Failure to submit is an offence for which the society may be prosecuted.

Please note:

- we have an information note that may assist you in completing this application
- any personal details you give on the form will be placed on the society's public file.
- it is important you give accurate and complete information and disclose all relevant information. If you do not, it may take us longer to process your annual return.

Please keep a copy of the form and supporting documents for future reference.

Terms in this form

'FCA', 'PRA', 'us' and 'we' refer to the Financial Conduct Authority or Prudential Regulation Authority.

'You' refers to the person signing the form on behalf of the society.

'The 2014 Act' is the Co-operative and Community Benefit Societies Act 2014



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For societies registered under the Co-operative and Community Benefit Societies Act 2014

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question; and
- print the completed form and arrange for it to be signed by all relevant individuals.

2 If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed and dated by all relevant individuals.

3 If you make a mistake, cross it out and initial the changes; do not use correction fluid.

4 If you:

- leave a question blank;
- do not get the form signed; or
- do not attach the required supporting information

without telling us why, we will treat the application as incomplete. This will increase the time taken to assess your application.

5 If there is not enough space on the form, you may use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number. Any separate sheets should be signed by the signatories to the form.

6 Email a scanned copy of the signed form and supporting documents to

mutualsannrtns@fca.org.uk

or send it by post to:

Mutuals Team
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

7. Please make sure you include:

- this form
- a set of printed accounts – signed by two members and the secretary (3 signatures in total)
- an audit report or accountant's report where required; and
- any supporting documents.

1

Details of society

1.1 Details of the society

Register number	2572R (S)
Registered office address	WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW
Postcode	G1 1HL

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

3	1	/	0	3	/	2	0	1	7
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Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

1.3 Details of Chairman

Name	BERNADETTE HEWITT
Address	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW
Postcode	G1 1HL
Year of birth	1961
Business occupation and other directorships	WHEATLEY HOUSING GROUP LIMITED, WHEATLEY ENTERPRISES LIMITED, WHEATLEY SOLUTIONS LIMITED, ROYSTON/UNITY IN PARTNERTSHIP LHC (VICE –CHAIR) , ST ROCHS SECONDARY PARENT COUNCIL (CHAIR) AND BARMULLOCH COMMUNITY DEVELOPMENT COMPANY

1.4 Details of Treasurer

Name	N/A
Address	
Postcode	
Year of birth	
Business occupation	

and other directorships	
----------------------------	--

1.5 Details of Secretary

Name	ANTHONY ALLISON
Address	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW
Postcode	G1 1HL
Year of birth	1980
Business occupation and other directorships	ASSISTANT DIRECTOR OF GOVERNANCE

1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
IWONA GRAZYNA MAJUK SOSKA	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW	1970	N/A
JEAN ALBERT NIETCHO	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW	1975	WHEATLEY FOUNDATION
KATHLEEN WILLIS	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW	1951	WHEATLEY HOUSING GROUP LIMITED, GHA (MANAGEMENT) LIMITED, CASTLEMILK AND CARMUNNOCK COMMUNITY/WIND PARK TRUST (TREASURER)
ELIZABETH WALFORD	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW	1949	WHEATLEY HOUSING GROUP LIMITED, YOURPLACE PROPERTY MANAGEMENT, GHA (MANAGEMENT) LIMITED, THE GLASGOW HOUSING ASSOCIATION (FUNDING) LIMITED, NON EXECUTIVE DIRECTOR OF SHROPSHIRE HOUSING GROUP.
ROBERT GRANGER GEDDES	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW	1947	N/A
JOSEPHINE ARMSTRONG	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW	1959	ECONOMIST WHEATLEY HOUSING GROUP LIMITED, JA ANALYSIS LIMITED, ARMSTRONG AND ARMSTRONG LIMITED

Please use separate sheets of paper if you need more space, following the instructions provided in section 5 above.

Please indicate how many separate sheets of paper you have used

2

Please continue, answering all questions.

- 1.7 Are any members of the society's committee disqualified as directors under the Company Director Disqualification Act 1986?**

☒ No
☐ Yes

- 1.8 Does the society carry out any activity which is regulated under the Financial Services and Markets Act 2000?** (e.g. accepting deposits in a form other than withdrawable shares; offering insurance products; undertaking residential mortgage business). If 'yes' please state the society's Financial Services Register firm reference number

☒ No
☐ Yes

Financial Services Register firm reference number

- 1.9 Is the society a subsidiary of another society?**

☒ No
☐ Yes

- 1.10 Does the society have one or more subsidiaries?**

☒ No
☐ Yes

- 1.11 Is the society currently accepted by the HM Revenue and Customs as a charity for tax purposes?**

☐ No
☒ Yes

Please confirm you have attached a copy of the letter from HM Revenue and Customs confirming charitable tax status:

☒ Yes

- 1.12 Is this society a charity registered with the Office of the Scottish Charity Regulator (OSCR)?**

☐ No
☒ Yes ▶ provide your Scottish Charity number below

SC034054

- 1.13 Is the society registered with one of the following (please tick)?**

- ☐ Homes and Communities Agency
☐ The Welsh Ministers
☒ Scottish Housing Regulator

If so, please provide your register number

317

All societies must answer the following questions:

- if a **bona fide co-operative society** go to question 1.14
- if **existing for the benefit of the community** go to question 1.19

Bona fide co-operative society

1.14 How did members benefit from the business, industry or trade of the society during the year?

N/A

1.15 Is membership of the society required to obtain the benefits offered by it?

- ☐ Yes
☐ No

1.16 In what way did members participate in an ongoing basis in the society's primary business during the year?

N/A

1.17 How did members democratically control the society?

N/A

1.18 How did the society use any surplus/profit?

If the society distributed the surplus/profit to members please explain how this was done.

Please use separate sheets of paper if you need more space (see section 5 above)

Please indicate how many separate sheets of paper you have used.

Continue to 2.1

Community benefit society

1.19 Who are the community the society benefited?

THE SOCIETY BENEFITS THOSE IN NEED BY REASON OF AGE, ILL HEALTH, DISABILITY, FINANCIAL HARDSHIP OR OTHER DISADVANTAGE, PRINCIPALLY IN THE ADMINISTRATIVE AREA OF GLASGOW CITY COUNCIL .

1.20 How did the society benefit that community during the year?

THE SOCIETY BENEFITTED THE COMMUNITY THROUGH THE PROCISION, CONSTRUCTION, IMPROVEMENT AND MANAGEMENT OF LAND AND ACCOMODATION.

1.21 How did the society use any surplus/profit?

THE SOCIETY RE-INVESTS ANY SURPLUSES IN DEVELOPING ITS CORE SERVICES FOR THE BENEFIT OF THOSE REFERRED TO IN THE RESPONSE TO QUESTION 1.19.

Please use separate sheets of paper if you need more space (see section 5 above).
Please indicate how many separate sheets of paper you have used.

N/A

Continue to 2.1

2 Statistics

Account details

2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

A	Members at beginning of year	11
B	Members ceased during year	2
C	Members admitted during year	0
D	Members at end of year	9
E	Turnover for year	174,525,000
F	Total of income and expenditure (receipts and payments added together)	10,190,000
G	Net surplus/(deficit) for year	(23,496,000)
H	Fixed assets	1,187,393,000
I	Current assets	171,036,000
J	Total assets (equal to amount in row O, below)	1,358,429,000
K	Current liabilities	(53,633,000)
L	Share capital	9 (treated as NIL return in annual accounts)
M	Long-term liabilities	(839,943,000)
N	Reserves	(464,853,000)
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	(1,358,429,000)
All societies (excluding clubs) must complete boxes P-T		
P	Investments in other registered societies	0
Q	Loans from members	0
R	Loans from Employees' Superannuation Schemes	0
S	Dividends on sales	0
T	Share interest	0

2.2 Names of subsidiaries as defined in sections 100 and 101 of the Co-operative and Community Benefit Societies Act 2014

N/A

2.3 Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)

The society must have written authority from us to exclude a subsidiary from group accounts

N/A

3

The audit

3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- ☒ Full professional audit ▶ Continue to section 4
- ☐ Accountant's report ▶ Complete questions 3.2 and 3.3
- ☐ Lay audit ▶ Complete questions 3.2 and 3.3
- ☐ Unaudited ▶ Complete questions 3.2 and 3.3

3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☐ No
- ☐ Yes

3.3 Has the membership passed at a general meeting a resolution allowing the society not to undertake a full professional audit for the year of account in question? (In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014)

- ☐ No
- ☐ Yes

4 Accounts and signature

Accounts

- 4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

2	1	/	0	9	/	2	0	1	7
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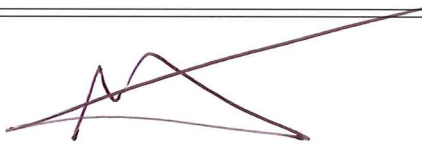
- 4.2 Has your society produced accounts to the minimum standard required?

- ☒ Yes ▶ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached
- ☐ No ▶ you must produce accounts to the minimum standard required, see notes for details.

Signature – all societies to complete

- 4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

Name	ANTHONY ALLISON
Signature	
Phone number	0141 274 6270
Email	anthony.allison@wheatley-group.com
Date	31/10/2017

The Glasgow Housing Association - Continuation Sheet

Question 1.6 – Details of Members of the Committee

Name	Address	Year of Birth	Business occupation and other directorships
COUNCILLOR KENNY MCLEAN	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW G11HL	1960	GLASGOW CITY COUNCIL (CONCILLOR), TRANSFORMING COMMUNITIES, GLASGOW FOSSIL GROVE TRUST
COUNCILLOR FRANK MCAVEETY	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW G11HL	1962	COUNCILLOR
CATHY MCGRATH	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW G11HL	1950	N/A
BERNADETTE HEWITT (CHAIRMAN)	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW G11HL	1961	WHEATLEY HOUSING GROUP LIMITED, WHEATLEY ENTERPRISES LIMITED, WHEATLEY SOLUTIONS LIMITED, ROYSTON/UNITY IN PARTNERTSHIP LHC (VICE – CHAIR) , ST ROCHS SECONDARY PARENT COUNCIL



			(CHAIR) AND BARMULLOCH COMMUNITY DEVELOPMENT COMPANY
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ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2017

The Glasgow Housing Association Limited

(Co-operative and Community Benefit Society No. 2572RS)

(Scottish Housing Regulator Registration No. 317)

(Scottish Charity No. SC034054)

OPERATING REVIEW

The directors present their annual report and the audited financial statements for the year ended 31 March 2017.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation. GHA is Scotland's largest social landlord with 40,000 affordable homes to let in Glasgow, firmly rooted in its local communities. It has a network of local offices and a skilled, committed workforce of 1,500 staff, who deliver sector-leading frontline services.

Review of Business and Future Developments

Our year at GHA - Annual Highlights 2016/17

Our homes

We continued our work to modernise and maintain our homes, investing £47.6m in upgrades right across our communities. The work included replacing kitchens and bathrooms, new heating, roofs, doors and windows.

We also invested in neighbourhoods, upgrading communal areas such as foyers in multi-storey flats, backcourts, stairwells, green spaces and community gardens.

We had 39,402 homes at the end of the financial year 2016/17 with 98.04% of them meeting the Scottish Housing Quality Standard.

Building affordable housing

Our plans to build more affordable homes in our communities made progress with a total of 142 new homes completed for social rent. At the end of the financial year we were on site building a further 1,075 and had 495 in development.

Over the year, the large developments at Kingsway in Scotstoun, where we built 116 homes in total over 2015/16 and 2016/17, and North Toryglen where we completed 100 homes over the last couple of years, were completed. We also handed over 47 new homes in Pollokshaws.

GHA's work to regenerate communities and build more affordable homes earned a series of awards. One of our flagship new-build developments at Sighthill was recognised as Affordable Housing Development of the Year in the Homes for Scotland Awards and as Large Affordable Housing Development of the Year in the Scottish Home Awards.

At the Herald Property Awards our North Toryglen new-build project won the title of Affordable Housing Development of the Year.

Homes for older people

We are also committed to building homes to help older residents lead easier, more independent and sociable lives.

Over the year we built or began work on 129 amenity homes which are designed to suit older people and usually have special features as well as communal areas. Our amenity housing projects include 54 in Knightswood and 56 in Castlemilk where the block includes a common room, laundry, lifts and a communal garden, as well as special features such as wet-floor showers.

OPERATING REVIEW (continued)

A new repairs service

Our ambition to create a modern, local and more efficient repairs and maintenance service took a major step forward over 2016/17 when we agreed a new joint venture with Glasgow City Council.

Our parent company, Wheatley Housing Group, became 50:50 joint owner of City Building (Glasgow) LLP on 1 April 2016. This has given us the opportunity to reshape our repairs service, designing a service which delivers consistent, excellence service for customers, and work on this is under way.

The jointly owned company is providing repairs and investment work to GHA homes as well as those of Loretto, Cube, YourPlace and Lowther Homes.

Environmental services

Together with all our partners in Wheatley, we also invested in our environmental services, restructuring the teams and recruiting almost 200 new staff including apprentices and trainees. We are now committed to spending £20 million per annum on this service.

As part of our mission to create communities people are proud to live in, we also launched a new partnership with Keep Scotland Beautiful which is involving tenants in assessing, grading and improving neighbourhoods.

Improving performance

We continued our strong performance with 18 out of 26 measures which we report to the Scottish Housing Regulator, or 69%, in the top quartile when benchmarked with other Registered Social Landlords (RSLs) (2016: 18 out of 26 and 69%).

Performance highlights for the year included:

- tenants who feel their rent represents good value went up to 83.67% from 80.82%;
- repairs completed right first time rose to 97.28%, up from 95.06%;
- tenancies sustained for more than a year increased slightly to 91.39%, up from 90.11%; and
- 98.78% of new tenants were satisfied with the quality of their home when they moved in.

Customer satisfaction for GHA was 89.08% while 87.83% of existing tenants were satisfied with the quality of their home, both down slightly on last year.

Awards and accreditations

Our journey to excellence continued to be recognised and rewarded through a wide range of awards and accreditations. GHA won the European Foundation for Quality Management (EFQM) prize for Best in Europe for Building Organisational Capability, the second time we have won an EFQM prize on the European stage.

GHA also won Gold Employer of the Year at the Investors in People (IiP) Awards in July 2016 following its success earlier in 2016 in gaining IiP Platinum, the highest IiP standard available and only achieved by a small number of organisations.

Over 2016/17 we also played a major part in our parent company Wheatley:

- regaining Customer Service Excellence accreditation with 19 'compliance plus' marks, a record number and up from 16 the previous year;
- being ranked no 47 in the Sunday Times list of best not-for-profit organisations to work for; and
- making it into 24 Housing magazine's top 10 social landlords in the UK.

OPERATING REVIEW (continued)

Rent campaign

Our “Rent Matters” annual rent campaign resulted in our best ever arrears performance over the festive period.

The campaign, which urged customers to “Put Rent First”, invited people who were facing difficulties to get in touch and access the wide range of help and support we have available. The campaign materials, which included posters, bus stop advertising, newsletter articles and regular content on social media and our website, also made clear to customers what their rent pays for.

We saw a £174,000 reduction in our traditional festive spike in rent arrears – more than ever before. In benchmarking terms, our year end performance places GHA among the best in the country for collecting rent arrears.

More customers go online

We launched our new website in February as we continued to encourage and support our customers to go online. The website was designed in consultation with tenants and within a few months saw the number of online visitors rise to around 20,000 a month.

The new website is mobile friendly, easy to navigate and features engaging content. Our target is to see 30% of all customer transactions carried out online and the new website plays a part in increasing the numbers of customers registering and using our online self services.

Over 2016/17, a total of 384 GHA tenants signed up for online self-service bringing the total number of registered users at GHA to 1,877. Customers paid £1.6m through the online channel over the 12-month period.

Jobs and training opportunities

The scale of our new-build and investment programmes at Wheatley means we can create or support hundreds of opportunities for people from our communities to access jobs and training each year. This year we supported a total of 285 new jobs and training opportunities for our tenants and their families at GHA.

Some of these are created through clauses in our contracts which oblige our contractors to give opportunities to people in our communities. Our new charitable trust, Wheatley Foundation, also funds a range of employability initiatives targeted at tenants, owners and their families. These include apprenticeships, traineeships and the Wheatley Pledge, a scheme which incentivises our suppliers to do even more for our communities.

In 2016/17, GHA tenants, or their families, accessed 52 Modern Apprenticeships including in environmental services, 35 jobs or training opportunities through the Wheatley Pledge and 40 Changing Lives traineeships which help people needing extra support get on the job ladder. Thirty five opportunities for tenants to get into work or training were created through the community benefit clauses in our contracts.

Helping tenants save money

We continue to support our tenants in a wide range of ways. For example we helped more than 2200 tenants save more than £360,000 on their fuel bills over the year. GHA’s fuel advisors provide free expert advice to tenants on cutting their energy bills and keeping their homes warm. Advisors can help tenants access the cheapest tariffs, arrange low-cost payment arrangements and, depending on their circumstances, help them write-off long-term debt.

OPERATING REVIEW (continued)

Our “My Great Start” service, which helps new tenants get off to a good start with their tenancy, supported 1138 GHA customers to develop budgeting skills and manage their money.
Support for the most vulnerable

Bringing care and housing together in Wheatley Group is allowing us to identify and support vulnerable people in our communities in ways we couldn’t before. Our Tenancy Support Service (TSS), delivered by Loretto Housing Association, launched in 2015 with the aim of helping people maintain their tenancy and get more out of life.

In 2016/17, 1608 GHA tenants who were struggling to cope received support for periods of up to eight weeks. Of the tenants who returned a questionnaire, 100% said they were satisfied with the service they received.

No review of the year would be complete without paying tribute to Gordon Sloan, who retired as Chair of GHA in the year. During his six years at the helm of GHA, Gordon played a significant role in the creation of Wheatley Group, campaigned strongly against the UK Government’s welfare reform agenda and attended literally hundreds of community events. While he was Chair, GHA completed the legally-binding tenant promises made at the time of stock transfer, £1.2 billion was invested in modernising over 70,000 former council homes, customer satisfaction improved to 90 per cent, hundreds of new homes were built and GHA won a string of national and international awards and accreditations.

Gordon, however, is not exactly retiring altogether from Wheatley. Although he has stepped down from the GHA Board, he continues as a Board member of Lowther and has taken up the new role of Chair of the City Building (Glasgow) LLP.

Independent auditor

The directors appointed KPMG LLP to act as auditor of the financial statements for the financial year ended 31 March 2017. In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor is to be proposed at the forthcoming Annual General Meeting.

FINANCIAL REVIEW

Income

Turnover recognised in the Statement of Comprehensive Income in the year was £174.5m (2016: £191.6m). Of this total, 91.4% or £159.6m (2016: £157.5m and 82.2%) of this was generated through rental and service charge income (net of void losses). The remainder included:

- £5.8m of grant income recognised on the completion of new build properties (2016: £23.6m);
- £4.6m of commercial property income (2016: £3.8m);
- £2.3m of income in relation to improvements to homeowners' properties (2016: £2.8m);

Expenditure

Operating costs for the year amounted to £164.3m, £3.3m lower than the previous financial year (2016: £167.7m). The main items of expenditure were as follows:

- Letting activity management costs of £7.8m (2016: £47.4m);
- Planned repair and reactive maintenance costs of £15.4m and £27.9m respectively (2016: £18.8m and £27.5m);
- Total depreciation costs of £44.8m (2016: £40.1m);
- Demolition costs of £5.9m (2016: £7.2m); and
- Costs associated with our wider role in supporting communities of £7.7m (2016: £13.7m).

The Association generated an operating surplus of £8.0m (2016: £24.9m) in the year after taking account of gains on the revaluation of investment properties held.

The Association had a net asset position in the Statement of Financial Position of £464.9m at the year-end (2016: £482.9m).

Cashflows

The cash flow statement of the Association is shown on page 17. GHA generated £28.2m from operating activities (2016: £46.5m). This, as well as additional borrowing drawn in the year, was re-invested into improving our existing housing stock and constructing new housing stock. Cash and cash equivalents in the year increased by £1.6m (reduced by £0.1m in 2016).

Liquidity

The Association's net current assets as at 31 March 2017 totalled £93.5m (2016: £106.5m). The £13.0m movement in the year has been driven by a reduction in the development agreement asset and the allocation of deferred income between short term and long term debt. The Association has drawn down on its lending facility in the year to further invest in its existing stock and on its new build programme. Creditors due after more than one year have therefore increased to £764.1m from £685.9m.

Capital structure and treasury

The Association's activities are funded on the basis of a Business Plan which is updated annually. The main element of our long-term funding is the syndicated funds in Wheatley Funding No. 1 Limited, a related entity, as detailed in note 18. The Association has access to an intra-group facility of £837.6m which is secured on its housing stock. Interest rate risk is managed at a group level by Wheatley Funding No. 1 Limited.

FINANCIAL REVIEW (continued)

Investment in tenants' homes

During the year we invested £47.6m in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £1,126.3m (2016: £1,079.0m)

New Build

During the financial year we completed 142 new build properties across three developments. Our new build programme invested £37.1m in the year. The Business Plan includes a further projected spend of £152m on the new build programme in GHA over the next five years.

Reserves Policy

Under the Statement of Recommended (Accounting) Practice ("SORP") 2014 and Financial Reporting Standard ("FRS") 102, the Association operates with three principal reserves: a revenue reserve, a revaluation reserve and a pension reserve.

Revenue reserve

Revenue reserves include historic grant received in respect of the following:

- new build housing properties
- specific projects for which subsidy has been received, such as investment in the energy efficiency of our homes
- support received from the Scottish Government as part of establishing the viability of the Association's business plan under the original stock transfer arrangements

These grants have been invested for the specific purposes prescribed in the related grant conditions, with this activity typically resulting in an increase in the value of housing properties in the Association's Statement of Financial Position. The Association has no ability to realise new cash from this element of reserves, since selling the related assets which were constructed or improved with the grant funds would trigger clawback conditions and require repayment of grant to the Scottish Government or other grant providers. Furthermore, it is not the Association's policy to sell social housing assets; on the contrary, continuing to own and support these while providing excellent services to customers is core to the Association's charitable purpose.

The revenue reserve includes revaluation gains on investment properties, including the Association's portfolio of commercial properties and its ownership of mid-market rent homes which are leased to and managed by Lowther Homes. Under FRS 102, gains or losses on investment properties must be taken to profit and loss, and therefore form part of the general revenue reserve. These gains are not available to be realised in cash, since selling the Association's interest in mid-market rent properties would trigger grant clawback and would run counter to the Association's core charitable objective of supporting the provision of a range of affordable housing solutions to be provided for its customers.

The residual amount of revenue reserves, not represented by grant or gains on investment properties, may be invested by the Association in line with its 30-year business plan financial projections. Such investment is subject to the Association maintaining a viable financial profile over the life of its business plan, as well as approval by the Wheatley Group Board. In approving the Association's business plan annually, the Wheatley Group Board will take into account projected compliance with the loan covenants which apply to the Wheatley RSL Borrower Group, as well as the impact of sensitivity analysis and other risk factors which may apply.

Revaluation reserve

The revaluation reserve represents the increase in valuation which has occurred over and above the cost of additions to the Association's property (other than investment property). This reserve is therefore also not realisable, on the basis that to do so would involve selling social housing assets and would therefore undermine the Association's core charitable purpose.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

Pension reserve

The pension reserve is not a cash reserve available for investment. It represents the amount by which the actuarial valuation of the Association's share of pension assets exceeds or is less than its notional pension liabilities. Under FRS 102, the reserve contained within the Statement of Financial Position assumes a continuing membership of the pension scheme. Withdrawing from the scheme in order to attempt to realise any surplus would involve liabilities being revalued onto an "exit" basis, with a significant additional premium attached to compensate the pension fund for the risk of reduced membership and inability to seek future contributions from the related members.

Notwithstanding this issue, it is the Association's intention to continue membership of the Strathclyde Pension Fund on a long-term basis.

Principal risks facing the Association

The Board is responsible for assessing the risks facing The Glasgow Housing Association. As a subsidiary of Wheatley Housing Group, the principal risks are broadly similar to those facing the Group and can be seen in the consolidated financial statements of the Group.

By order of the Board



Bernadette Hewitt, Chair
30 August 2017

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2017 GHA's Rules allowed for the appointment of up to 14 Board members as follows:

- Up to six tenant Board members
- Up to six independent Board members
- Up to two council Board members

The Board could also co-opt up to three persons.

At 31 March 2017 there were 9 members (2016, 11 members) of the GHA Board: 5 tenant members, 2 independents and 2 council Board members. The Board had no co-optees at 31 March 2017.

Each member of the Board holds one fully paid £1 share that is cancelled on cessation of membership. During 2016/17 no shares were issued and 1 membership was cancelled.

The members of the Board during the year are listed below:

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Gordon Sloan (Chair & Tenant member)	23 March 2009	24 September 2015	21 September 2016	Lowther Homes Limited (Non-Executive Director)
Bernadette Hewitt (Chair & Tenant member)	30 May 2014	-	-	Wheatley Housing Group Limited (Non-Executive Director), Group Audit Committee, Group Strategic Development Committee, Group Remuneration, Appointments, Appraisal and Governance Committee, Wheatley Enterprises Limited (Non-Executive Director), Wheatley Solutions Limited (Non-Executive Director)
Kathleen Willis (Tenant member)	9 September 2009	24 September 2015	-	GHA (Management) Limited (Non-Executive Director) Wheatley Housing Group Limited South Area Committee (Member)
Elizabeth Walford (Independent)	17 August 2009	24 April 2013	-	The Glasgow Housing Association (Funding) Limited (Non-Executive Director) YourPlace Property Management Limited (Chairperson) GHA (Management) Limited (Non-Executive Director of dormant company) Wheatley Housing Group Limited (Non-Executive Director) Group Audit Committee Group Strategic Development Committee Advisory Group

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS
(continued)

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Robert Granger Geddes (Tenant member)	30 October 2015	-	-	Chair, North East Area Committee
Councillor George Redmond (Glasgow City Council appointee)	4 November 2015	-	4 May 2017	
Councillor Kenny McLean (Glasgow City Council appointee)	30 May 2014	-	-	
Iwona Majzuk Soska (Tenant member)	30 May 2014	-	-	Chair, North West Area Committee
Jean Albert Nietcho (Tenant member)	25 September 2014	21 September 2017	-	Wheatley Foundation (Non- Executive Director)
Josephine Armstrong (Independent)	26 August 2015	-	-	Wheatley Housing Group Limited (Non- Executive Director), Group Audit Committee, Group Strategic Development Committee

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS (continued)

Political donations

No political donations were made by GHA in the year.

Creditor payment policy

GHA agrees payment terms with its suppliers when it enters into contracts. The average creditor payment period for the year was within 30 days.

Disclosure of information to auditors

The Board members who held office at the date of approval of these statements confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that he/she ought to have taken as a Board member to make himself/herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

The directors acknowledge their responsibility for ensuring that the company has in place systems of control that are appropriate to its business environment. These controls are designed to give reasonable assurance with respect to:

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

The systems of internal financial control, which are under regular review, are designed to manage rather than to eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

The key procedures which have been established are as follows:

- Detailed standing orders covering Board structure, election, membership and meetings;
- Financial regulations and procedures with clear authorisation limits;
- Regular Board meetings, focusing on areas of concern, reviewing management reports;
- Audit and Compliance reporting focussing on areas of concern and reviewing management reports;
- Regular review of cashflow and loan portfolio performance;
- Regular review of tendering process, rent accounting, arrears control and treasury management;
- Segregation of duties of those involved in finance;
- Identification and monitoring of key risks by the management committee; and
- Monitoring the operation of the internal financial control system by considering regular reports from management, internal and external auditors and ensuring appropriate corrective action is taken to address any weaknesses.

The directors confirm that they have reviewed the effectiveness of the systems of internal control. No weaknesses have been found which would have resulted in material losses, contingencies or uncertainties which require to be disclosed in the financial statements.

STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

In preparing these 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 UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2014, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board of Management is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Bernadette Hewitt, Chair
30 August 2017

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GLASGOW HOUSING ASSOCIATION LIMITED

We have audited the financial statements of The Glasgow Housing Association Limited for the year ended 31 March 2017 set out on pages 15 to 41. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2015 and section 69 of the Housing (Scotland) Act 2010 and to the charity's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As more fully explained in the Statement of Board's Responsibilities set out on page 12, the association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the association as at 31 March 2017 and of the income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2015; and
- have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2014, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Co-operative and Community Benefit Societies Act 2015 we are required to report to you if, in our opinion:

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GLASGOW
HOUSING ASSOCIATION LIMITED (continued)**

Under the Scottish Housing Regulator Regulatory Advice Note: Internal Financial Controls and the Regulatory Standards we are required to report to you if, in our opinion the Statement on Internal Financial Control on page 11:

- does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; and
- is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

Andrew Shaw

Andrew Shaw

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

319 St Vincent Street

Glasgow

G2 5AS

7 September 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Total 2017 £ 000	Total 2016 £ 000
Turnover	3	174,525	191,642
Operating expenditure	3	(164,335)	(167,679)
(Loss)/gain on investment properties	3	(2,208)	901
Operating surplus		7,982	24,864
Gain on disposal of fixed assets	9	3,656	2,620
Finance income	10	3,633	2,256
Finance charges	11	(39,832)	(37,823)
Movement in fair value of financial instruments		1,065	2,276
Deficit for the financial year	21	(23,496)	(5,807)
Unrealised surplus/(deficit) on the revaluation of housing properties	21	9,247	(9,934)
Unrealised surplus on the revaluation of office properties	21	3,479	-
Actuarial (loss)/gain in respect of pension schemes	22	(7,304)	22,348
Total comprehensive (loss)/income for the year		(18,074)	6,607

All amounts relate to continuing operations.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2017

	Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2015	309,772	166,548	476,320
Total comprehensive income for the year	6,607	-	6,607
Transfer of reserves for the revaluation of housing properties	9,934	(9,934)	-
Balance at 31 March 2016	326,313	156,614	482,927
Total comprehensive loss for the year	21 (18,074)	-	(18,074)
Transfer of reserves for the revaluation of housing properties	21 (9,247)	9,247	-
Transfer of reserves for the revaluation of office properties	21 (3,479)	3,479	-
Balance at 31 March 2017	295,513	169,340	464,853

The notes on pages 18 to 41 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	<i>Notes</i>	2017 £ 000	2016 £ 000
Fixed assets			
Social housing properties	14	1,126,290	1,078,978
Other tangible fixed assets	14	29,407	12,984
Investment properties	15	23,309	32,876
Investments - other	15	8,387	8,387
		<u>1,187,393</u>	<u>1,133,225</u>
 Pension asset	 22	 23,942	 31,432
Current assets			
Trade and other debtors	16	139,569	156,923
Cash and cash equivalents		<u>7,525</u>	<u>5,908</u>
		147,094	162,831
Creditors: amounts falling due within one year	17	(53,633)	(56,285)
 Net current assets		 <u>93,461</u>	 <u>106,546</u>
 Total assets less current liabilities		 1,304,796	 1,271,203
 Creditors: amounts falling due after more than one year	18	 (764,135)	 (685,869)
		<u>540,661</u>	<u>585,334</u>
 Provisions for liabilities			
Other provisions	19	<u>(75,808)</u>	<u>(102,407)</u>
Total net assets		<u>464,853</u>	<u>482,927</u>
 Reserves			
Share capital	20	-	-
Revenue reserve including pension reserve	21	295,513	326,313
Revaluation reserve	21	<u>169,340</u>	<u>156,614</u>
Total reserves		<u>464,853</u>	<u>482,927</u>

These financial statements were approved by the Board on 18th August 2017 and were signed on its behalf on 30 August 2017 by:

B. Hewitt

Bernadette Hewitt
Chair

K. Willis

Kate Willis
Board Member

Anthony Allison

Anthony Allison
Secretary

The notes on pages 21 to 43 form part of these financial statements.

Charity registration number SC034054.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	<i>Notes</i>	2017 £000	2016 £000
Net cash generated from operating activities	24	<u>28,193</u>	<u>46,469</u>
Cash flow from investing activities			
Improvement of properties – housing stock	14	(47,607)	(60,203)
New build	14	(37,087)	(25,946)
Purchase of other fixed assets	14	(9,701)	(7,116)
Improvement of properties – investment	15	-	(2)
Right-to-buy proceeds	9	9,562	7,424
Grants received		21,543	11,959
Finance income		<u>1,235</u>	<u>1,926</u>
		(62,055)	(71,958)
Cash flow from financing activities			
Finance charges		(37,521)	(38,226)
Financing draw down		<u>73,000</u>	<u>63,650</u>
		35,479	25,424
Net change in cash and cash equivalents		<u>1,617</u>	<u>(65)</u>
Cash and cash equivalents at beginning of the year		5,908	5,973
Cash and cash equivalents at end of the year		7,525	5,908
Cash and cash equivalents at 31 March			
Cash		7,525	5,908
Bank overdraft		<u>-</u>	<u>-</u>
		<u>7,525</u>	<u>5,908</u>

The notes on pages 18 to 41 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Legal status

The Glasgow Housing Association Limited ("GHA" or "the Association") is a wholly owned subsidiary of The Wheatley Housing Group ("WHG"). The Association is registered under the Co-operative and Community Benefit Societies Act 2014 No.2572RS and is a registered Scottish charity No.SC034054. GHA is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principle activity of the Association is the provision of social housing.

The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

The Glasgow Housing Association Limited is a public benefit entity.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements of the Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2012, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for social housing providers 2014 ("SORP 2014"), issued by the National Housing Federation and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Association and the preparation of long terms financial forecasts and plans which include an assessment of the availability of funding, the certainty of cash flow from the rental of social housing stock.

Discount rates have been used in the valuation of housing properties and in the assessment of the fair value of financial instruments. The rates used are subject to change and are influenced by wider economic factors over time.

Accounting judgements and estimations

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

Judgements have been made in:

- Determining the appropriate discount rates used in the valuation of housing and investment properties;
- Component accounting and the assessment of useful lives;
- The assessment of the fair value of financial instruments;
- 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;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

2. Accounting policies (continued)

- Allocation of share of assets and liabilities for multi-employer pension schemes. Judgments 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 Group's actuarial advisers.

Related party disclosures

The Association is a wholly-owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Association has taken advantage of the exemption, under the terms of FRS 102, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Turnover

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, revenue grants and other income.

Grant income

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the Statement of Recommended Practice for social housing providers 2014 ("SORP 2014"). Prior to satisfying the performance conditions, capital grant is held as deferred income on the statement of financial position.

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

Supported housing

Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation.

Financial Instruments

Loans provided by Wheatley Funding Number 1 Limited ("WFL1") are classed as basic financial instruments under the requirements of FRS 102, and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

Deposits and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

Pensions

The Association participates in a defined benefit pension scheme arrangement with the Strathclyde Pension Fund ("the Fund"). The Fund is administered by Glasgow City Council in accordance with

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

2. Accounting policies (continued)

the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. The Fund provides benefits based on final pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of the Fund are held separately from those of the Association.

The Association accounts for its participation in the Fund in accordance with FRS 102 which requires disclosures presented for both the current and comparative period. FRS 102 also requires that quoted securities are valued at their current bid-price rather than their mid-market value.

The Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Association's share of the Fund surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the Fund surplus / deficit is split between operating charges, finance items and, in the statement of comprehensive income under actuarial gain or loss on pension schemes.

Fixed assets – housing properties

In accordance with SORP 2014, the Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

• Valuation of Social Housing Stock

Housing properties are valued annually on an Existing Use Value for Social Housing ("EUV-SH") basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Housing stock has been split into two streams of property for valuation purposes, namely housing retained for letting and demolition programme properties. This separation into categories is on the basis of the Association's 30 year Business Plan which identifies the core stock which will be the subject of the Association's investment expenditure going forward and the stock which forms part of the demolition programme until 2018, and consequently has limited investment expenditure attached to it.

The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that result in an enhancement of the economic benefits of the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

Increases in the valuation of social housing properties are reported as other comprehensive income, accumulated in equity and reported as a revaluation reserve. Revaluation decreases reduce the accumulated gains and thereafter are recognised in profit or loss. Subsequent valuation gains are recognised in profit or loss to the extent they reverse a valuation decrease previously recognised in profit or loss.

On disposal, the value of the property is offset against the proceeds of sale and the gain or loss on disposal is taken to the Statement of Comprehensive Income.

• Depreciation and Impairment

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Group's asset management strategy and the requirement of the Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

2. Accounting policies (continued)

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

	Economic Life
Bathrooms	25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works & common areas	20 yrs
Kitchens	20 yrs
Mechanical, Electrical & Plumbing	25 yrs
Structure & roofs	50 yrs
Windows and doors	30 yrs

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus.

• New Build

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

• Properties held for demolition

Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, and so is held at £nil on the statement of financial position as under FRS 102 there is no constructive obligation at the date of the statement of financial position to provide for these costs.

The Association's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including staff costs attributable to the delivery of the capital investment programme;
- The cost of packages of work completed on void properties; and
- Other directly attributable internal and external costs.

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

Non-social housing properties

Housing for Mid Market Rent properties are valued on an open market value subject to tenancies basis at the date of the Statement of Financial Position by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation and are held as investment properties and not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised improvement works.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

2. Accounting policies (continued)

Mid market rent properties owned by the Association are currently leased to Lowther Homes Limited at the prevailing market rate. These properties are managed by Lowther Homes Limited.

Commercial properties are held as investment properties and not subject to depreciation, they are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are revalued at least every five years.

Housing Association Grant and other capital grants

Housing Association Grant (HAG) is received from central government agencies and local authorities and is utilised to reduce the capital costs of housing properties.

HAG is recognised as income in the statement of comprehensive income when new build properties are completed or the capital work carried out under the performance model. HAG due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the statement of comprehensive income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

Properties are disposed of under the appropriate legislation and guidance. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is abated and the grant removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay disclosed as a contingent liability.

Other tangible fixed assets

For other tangible fixed assets with the exception of office premises, depreciation is charged on a straight-line basis over the expected useful economic lives of fixed assets to write off the cost, less estimated residual values over the following expected lives. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

	Economic Life
Furniture, fittings and office equipment (cost)	5 yrs
Computer equipment (cost)	3 – 7 yrs
Community infra-structure (cost)	20 yrs

Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are made on a regular basis to ensure the carrying amount does not differ materially from the fair value at the end of the reporting period. Valuations are carried out at least every 5 years.

Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Provisions

The Association only provides for liabilities at the date of the Statement of Financial Position where there is a legal or constructive obligation incurred which will probably result in an outflow of resources.

Taxation

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

2. Accounting policies (continued)

The Association is considered to pass the tests as set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly the Association is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 1992 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Value Added Tax

The Association is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on refurbishment works expenditure included in the development works agreement with Glasgow City Council is substantially recoverable. Expenditure on these works is shown net of VAT.

Development Agreement

The Association entered into agreements with Glasgow City Council whereby the undertaking of catch up repairs and improvement works remained with the City Council, with that obligation sub-contracted to GHA. This has been shown on the Association's Statement of Financial Position as a debtor offset by a provision of an equal amount. As work progresses, both amounts reduce by the appropriate amount.

3. Particulars of turnover, operating costs and operating surplus

	Turnover	2017 Operating Costs	(Loss)/gain on investment activities	Operating Surplus/ (deficit)	2016 Operating Surplus/ (deficit)
	£ 000	£ 000	£000	£ 000	£ 000
Affordable letting activities (note 4)	165,357	(136,869)	-	28,488	45,745
Other activities (note 5)	9,168	(27,466)	-	(18,298)	(21,782)
(Loss)/gain on investment activities (note 15)	-	-	(2,208)	(2,208)	901
Total	174,525	(164,335)	(2,208)	7,982	24,864
Total for previous reporting period	191,642	(167,679)	901	24,864	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

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

	General Needs £ 000	2017 Supported Housing £ 000	Total £ 000	2016 Total £ 000
Rent receivable net of service charges	155,402	2,895	158,297	155,822
Service charges	2,072	39	2,111	2,592
Gross income from rents and service charges	157,474	2,934	160,408	158,414
Less rent losses from voids	(828)	(15)	(843)	(926)
Net income from rents and service charges	156,646	2,919	159,565	157,488
Grants released from deferred income	5,687	105	5,792	23,607
Revenue grants from Scottish Ministers	-	-	-	-
Other revenue grants	-	-	-	-
Total turnover from affordable letting activities	162,333	3,024	165,357	181,095
Management and maintenance administration costs	46,914	874	47,788	47,354
Service costs	3,415	64	3,479	3,504
Planned and cyclical maintenance including major repairs costs	15,109	281	15,390	18,837
Reactive maintenance costs	27,408	510	27,918	27,528
Bad debts – rents and service charges	1,542	29	1,571	1,174
Depreciation of affordable let properties	39,978	745	40,723	36,953
Operating costs for affordable letting activities	134,366	2,503	136,869	135,350
Operating surplus for affordable letting activities	27,967	521	28,488	45,745
Operating activities for affordable letting activities for the previous reporting period	44,912	833	45,745	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

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

						2017	2016
	Grants From Scottish Ministers £000	Other Revenue £ 000	Supporting People Income £ 000	Total Turnover £ 000	Total Operating Costs £ 000	Operating Surplus /(Deficit) £ 000	Operating Surplus /(Deficit) £ 000
Wider role activities to support the community	-	6	-	6	(7,723)	(7,717)	(12,935)
Other income - Gift Aid	-	-	-	-	-	-	1,287
Investment property activities	-	4,590	-	4,590	(256)	4,334	3,333
Support activities	-	-	776	776	(1,694)	(918)	(993)
Owners' improvement activities	-	2,338	-	2,338	(3,258)	(920)	(1,680)
Demolition activities	-	-	-	-	(5,855)	(5,855)	(7,162)
Other income	302	1,156	-	1,458	-	1,458	1,016
Depreciation – Non Social Housing	-	-	-	-	(4,116)	(4,116)	(3,175)
Organisation Restructuring	-	-	-	-	(3,227)	(3,227)	(1,187)
Development & Construction of Property Activities	-	-	-	-	(1,337)	(1,337)	(286)
Total from other activities	302	8,090	776	9,168	(27,466)	(18,298)	(21,782)
Total from other activities for the previous reporting period	469	9,317	761	10,547	(32,329)	(21,782)	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

6. Board members' emoluments

Board members received £4,373 (2016: £5,847) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in the Association.

7. Key management emoluments

	2017	2016
	£ 000	£ 000
Aggregate emoluments payable to key management (including pension contributions and benefits in kind)	1,156	1,175
Emoluments payable to the highest paid key management	250	236
Employer pension contributions	46	43
Total emoluments payable to the highest paid key management	296	279

During the periods the key management's emoluments (excluding pension contributions) fell within the following band distributions:

More than £30,000 but not more than £40,000	1	-
More than £40,000 but not more than £50,000	2	-
More than £50,000 but not more than £60,000	1	-
More than £60,000 but not more than £70,000	-	3
More than £70,000 but not more than £80,000	3	1
More than £80,000 but not more than £90,000	-	1
More than £90,000 but not more than £100,000	-	1
More than £100,000 but not more than £110,000	1	-

The senior officers are defined for this purpose as the Chief Executive and any person reporting directly to the Chief Executive earning at the rate of over £60,000 per annum. Emoluments include relocation expenses where appropriate.

The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff.

There were six senior officers in post at 31 March 2017. Key management personnel in the year were as follows:

Martin Armstrong	Group Chief Executive
Olga Clayton	Group Director of Housing and Care
Elaine Melrose	Group Director of Resources
Graham Isdale	Group Director of Corporate Affairs
Steven Henderson (appointed 16 May 2016)	Interim Group Director of Finance
Tom Barclay (appointed 2 October 2016)	Group Director of Property
Mark Logan (dismissed 13 May 2016)	Group Director of Finance
Alex McGuire (resigned 6 May 2016)	Group Director of Property

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

8. Employees

In the year to 31 March 2017, the average full time equivalent number of employees of the Association, including senior officers, was 1,489 (2016: 1,497). This was calculated on a monthly basis. All staff are employed by the Association with its costs being recharged to the other group companies where appropriate.

	2017 £ 000	2016 £ 000
Staff costs (for the above persons)		
Wages and salaries	41,198	40,660
Social security costs	4,890	3,867
Employer's pension costs	8,168	8,117
	<u>54,256</u>	<u>52,644</u>

9. Profit on sale of fixed assets

This represents net income from the sale of properties under tenants' Right-to-Buy (RTB) entitlement.

	2017 £ 000	2016 £ 000
<u>Right-to-Buy</u>		
Proceeds from disposal of properties	9,562	7,424
Value of properties disposed	<u>(5,906)</u>	<u>(4,804)</u>
Surplus on sale of fixed assets	<u>3,656</u>	<u>2,620</u>

10. Finance income

	2017 £ 000	2016 £ 000
Bank interest receivable on deposits in the year	3	26
Interest on intra group loans	2,461	1,900
Interest on pension scheme liability (note 22)	<u>1,169</u>	<u>330</u>
Total	<u>3,633</u>	<u>2,256</u>

11. Finance charges

	2016 £ 000	2017 £ 000
Interest on intra group loans	37,422	36,516
Other financing costs	<u>2,410</u>	<u>1,307</u>
Total	<u>39,832</u>	<u>37,823</u>

Other financing costs include commitment, non-utilisation fees, the amortisation of transaction costs of the Association's funding arrangements and the amortised interest on the contingent efficiencies loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

12. Auditors' remuneration

	2017 £000	2016 £000
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	49	68
Other services	-	33

13. Financial commitments

Capital commitments

All capital commitments of the Association were as follows:

	2017 £000	2016 £000
Expenditure contracted for, but not provided in the financial statements	34,549	29,899
Expenditure authorised by the Board, but not contracted	44,106	46,012
	<hr/> 78,655	<hr/> 75,911

Capital commitments are funded through a combination of grant received from the Scottish Government in relation to our new build programme, operating surplus generated by the Association, and private funding.

Operating leases

At 31 March 2017 the Association had annual commitments under non-cancellable operating leases as follows:

	2017 £000 Land and Buildings	2017 £000 Other	2016 £000 Land and Buildings	2016 £000 Other
Operating leases that fall due:				
Within one year	926	47	1,007	84
In the second to fifth years inclusive	2,076	9	2,602	42
Over five years	108	-	381	-
	<hr/> 3,110	<hr/> 56	<hr/> 3,990	<hr/> 126

Lease commitments under FRS 102 include the timing of the full payment due under contract.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

14. Tangible fixed assets

Social Housing Properties

	Core Stock £ 000	Housing Under Construction £ 000	Total £ 000
Valuation			
At 1 April 2016	1,055,100	23,878	1,078,978
Additions	47,607	37,087	84,694
Disposals	(5,906)	-	(5,906)
Transfers	16,175	(16,175)	-
Revaluation	(31,476)	-	(31,476)
At 31 March 2017	1,081,500	44,790	1,126,290
Accumulated Depreciation			
At 1 April 2016	-	-	-
Charge for year	(40,723)	-	(40,723)
Revaluation	40,723	-	40,723
At 31 March 2017	-	-	-
Net Book Value - Valuation			
At 31 March 2017	1,081,500	44,790	1,126,290
At 31 March 2016	1,055,100	23,878	1,078,978
Net Book Value - Cost			
At 31 March 2017	1,359,877	44,790	1,404,667
At 31 March 2016	1,335,501	23,878	1,359,379

Total expenditure on repairs and capital improvements in the year on existing properties was £90.9m (2016: £106.6m). Of this, repair costs of £43.3m (2016: £46.4m) were charged to the Statement of Comprehensive Income (note 4) with capital improvement of £47.6m (2016: £60.2m) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £47.6m (2016: £60.2m) in the year include:

- £4.2m in relation to the replacement of components (2016: £4.5m); and
- £43.4m on the improvement of components (2016: £55.7m).

Additions to housing under construction include capitalised interest costs of £1.0m (2016: £1.4m). Interest has been capitalised at the weighted average interest cost for the Association of 5.56% (2016: 6.02%)

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Association's demolition programme, as detailed in the Association's 30-year Business Plan for 2017-18. The demolition programme identifies 311 (2016: 340) properties for demolition over the next few years, with no long term investment expenditure associated with these properties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

14. Tangible fixed assets (continued)

Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, and so is held at £nil on the Statement of Financial Position as under FRS 102 there is no constructive obligation at the date of the Statement of Financial Position to provide for these costs.

Retained stock for letting has been valued at £1,081.5million. Housing under construction, with a NBV of £44.8m, is not included within this total.

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors (RICS) to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RCIS at 31 March 2017 on an Existing Use Valuation for Social Housing (EUV-SH). Discount rates between 5.75-6.50% have been used depending on the property archetype (2016: 5.75-6.50 % retained stock). The valuation assumes a rental income increase of inflation + 0.5% for retained stock for the next 3 years, in line with the Association's 30 year Business Plan (2017-18). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

During 2016/17 GHA disposed of 218 properties to tenants under RTB entitlements. These properties were valued at £5.9m (2016: £4.8m). Tenants' right to buy their homes ended on 31st July 2016. However, the processing of RTB sales has extended beyond that date.

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Association at 31 March 2017 is shown below:

	2017	2016
Social Housing		
General needs	38,376	38,520
Supported housing	715	715
Housing held for long-term letting	39,091	39,235
Housing approved / planned for demolition	311	340
Total Units	39,402	39,575

The housing valuation has been based on the number of houses held for social letting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

14. Tangible fixed assets (continued)

Other tangible fixed assets

	Community infra- structure £ 000	Office Premises £ 000	Furniture, fittings & Equipment £ 000	Computer equipment £ 000	Total £ 000
Cost or valuation					
At 1 April 2016	-	-	22,177	28,591	50,768
Transfers from other fixed asset categories	-	7,359	-	-	7,359
Additions	7,143	-	2,413	145	9,701
Revaluation	-	3,111	-	-	3,111
At 31 March 2017	7,143	10,470	24,590	28,736	70,939
Accumulated Depreciation					
At 1 April 2016	-	-	(13,450)	(24,334)	(37,784)
Charge for year	(179)	(368)	(2,820)	(749)	(4,116)
Revaluation	-	368	-	-	368
At 31 March 2017	(179)	-	(16,270)	(25,083)	(41,532)
Net Book Value					
At 31 March 2017	6,964	10,470	8,320	3,653	29,407
At 31 March 2016	-	-	8,727	4,257	12,984

Office premises were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2017 in accordance with the appraisal and valuation manual of the RICS. Office premises are subject to valuation at least every five years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

15. Investments

Investment Properties

	Properties held for market rent £ 000	Commercial Properties £ 000	Total £ 000
Valuation			
At 1 April 2016	12,200	20,676	32,876
Transfers between other fixed asset categories	-	(7,359)	(7,359)
Revaluation taken to operating surplus	365	(2,573)	(2,208)
At 31 March 2017	12,565	10,744	23,309
Net Book Value			
At 31 March 2017	12,565	10,744	23,309
At 31 March 2016	12,200	20,676	32,876

Market rent properties were valued at market value subject to tenancy (MV-T) by an independent professional adviser, Jones Lang LaSalle, on 31 March 2017.

The number of properties held for market rent by the Association at 31 March 2017 was:

	2017	2016
Mid Market Rent Properties		
Total Units	181	181

Commercial properties were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2017 in accordance with the appraisal and valuation manual of the RICS. Commercial properties are subject to valuation at least every five years.

Investments - other

Due after more than one year:

	2017 £ 000	2016 £ 000
Unsecured subordinated convertible loan due from Lowther Homes Limited	8,387	8,387

GHA has an unsecured subordinated convertible loan with Lowther Homes Limited, a related group company. FRS 102 requires that the principal amount and interest payments be fair valued and shown as debt on the balance sheet (note 16). The difference between this and the principal amount of the instrument should be recognised as the fair value of equity component.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

16. Debtors

	2017 £ 000	2016 £ 000
Due in more than one year:		
Development agreement (note 2)	75,097	101,466
Due from other group companies	24,102	22,873
Other	-	169
	<u>99,199</u>	<u>124,508</u>
Due within one year:		
Arrears of rent and service charges	9,568	9,702
Adjustment to discount arrears balances with payment plans to NPV	(62)	(26)
Less: provision for bad and doubtful debts	<u>(1,958)</u>	<u>(2,100)</u>
	7,548	7,576
Prepayments and accrued income	3,510	4,260
Other debtors	7,348	13,432
Due from other group companies	21,964	7,147
	<u>139,569</u>	<u>156,923</u>
Total		

Included in debtors is a balance of £75.1m (2016: £101.5m) in respect of the expected cost of the development work that Glasgow City Council has committed to undertake in order to refurbish the housing stock transferred to the Association. The Council has sub-contracted The Glasgow Housing Association Limited to carry out the programme of catch-up repairs to the residential accommodation as part of a development agreement. This balance relates to the identical provision in the accounts for this expenditure (note 19) and as work progresses both of these balances will be utilised when the work is actually undertaken.

The balance due from other group companies in more than one year relates to the unsecured subordinated convertible loan with Lowther Homes Limited (note 15). This debt was issued in November 2014 with a 7 year term. Interest on this instrument has been charged at 4.00% in the year (2016: 4.65%).

Amounts owed by group undertakings and due within one year are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17. Creditors: amounts falling due within one year

	2017 £ 000	2016 £ 000
Trade creditors	3,386	6,543
Accruals	15,400	23,246
Deferred income (note 18)	18,455	7,680
Rent and service charges received in advance	6,152	5,928
Salaries, wages, other taxation and social security	1,139	986
Other creditors	1,201	3,514
Due to other group companies	7,900	8,388
	<u>53,633</u>	<u>56,285</u>
Total		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

17. Creditors: amounts falling due within one year (continued)

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18. Creditors: amounts falling due after more than one year

	2017	2016
	£ 000	£ 000
Scottish Government contingent efficiencies grant	27,315	26,980
Deferred income	11,487	9,651
Amount due to group company	724,870	648,775
Other	463	463
Total	764,135	685,869

The Scottish Government made available to The Glasgow Housing Association Limited £100.0m of contingent efficiencies grant over an eight year period. Under this agreement £100.0m (2016: £100.0m) has been received and this is an interest free loan with repayment due in 2040/41. The amount due of £27.3m at 31 March 2017 (2016: £27.0m) is the measurement of the liability after discounting for an equivalent interest bearing arrangement with the same repayment date. This treatment is consistent with FRS 102 which requires financial instruments to be measured at amortised cost.

Bank lending facility

Borrowing arrangements are in place via a Group facility consisting of bank and capital markets debt, secured on charged properties belonging to each of the RSLs within the Wheatley Housing Group. This facility was made up of a committed facility of £679.0m from a syndicate of commercial banks, a committed facility of £132.5m from the European Investment Bank and £300m raised through the issue of a public bond. This provided total facilities of £1,111.5m for RSLs within the Wheatley Group to develop new housing. This facility is provided through Wheatley Funding No1 Ltd, a wholly-owned subsidiary of the Wheatley Housing group Limited, with GHA having access to an intra-group facility of £837.6m, secured on its housing stock. Interest in the year has been charged at 5.56% (2016: 5.38%).

The Glasgow Housing Association Limited has secured a major portion of its housing stock (£942.9m) against this facility, however the remainder of its housing stock and any future new build properties will remain unsecured.

Borrowings are repayable as follows:	2017	2016
	£ 000	£ 000
In less than one year	-	-
In more than one year but less than two years	1,102	-
In more than two years but less than five years	2,584	1,102
In more than five years	721,184	647,673
	724,870	648,775

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

18. Creditors: amounts falling due after more than one year (continued)

Deferred income

The deferred income balance is made up as follows:

	Housing Association Grant £ 000	Other £ 000	Total Deferred Income £ 000
Deferred income as at 1 April 2016	11,115	6,216	17,331
Additional income received	18,590	2,953	21,543
Released to the Statement of Comprehensive Income	(5,792)	(3,140)	(8,932)
Deferred income as at 31 March 2017	23,913	6,029	29,942

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

Deferred income to be released to the Statement of Comprehensive Income:	2017 £ 000	2016 £ 000
In less than one year (note 17)	18,455	7,680
In more than one year but less than five years	11,487	9,651
In more than five years	-	-
	29,942	17,331

19. Provisions for liabilities and charges

	Development Agreement £ 000	Insurance £ 000	Total £ 000
At 1 April 2016	101,466	941	102,407
Created in year	-	-	-
Utilised	(26,369)	(230)	(26,599)
At 31 March 2017	75,097	711	75,808

Development Agreement

The provision represents the best estimate of the costs of contracted works for the repair of managed properties in 2003 less the cost of repairs carried out since that date. This agreement is part of the development agreement and as work progresses the provision will be utilised when the work is actually undertaken.

Insurance

A provision is held in respect of the excess arising on all outstanding insurance claims.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

20. Share capital

	2017	2016
	£	£
Shares of £1 each issued and fully paid		
At 1 April	11	11
Issued during year	-	3
Surrendered during year	(2)	(3)
	<hr/>	<hr/>
At 31 March	9	11

Share capital does not carry any voting rights or rights to dividend payments.

21. Reserves

	Revenue reserve £ 000	Revaluation reserve £ 000	Total £ 000
Opening balance at 1 April 2016	326,313	156,614	482,927
Deficit for the year	(23,496)	-	(23,496)
Revaluation of housing properties	-	9,247	9,247
Revaluation of office properties	-	3,479	3,479
Actuarial loss in respect of pension provision	(7,304)	-	(7,304)
	<hr/>	<hr/>	<hr/>
Closing balance at 31 March 2017	295,513	169,340	464,853

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

22. Pensions

Strathclyde Pension Fund

The Glasgow Housing Association Limited participates in the Strathclyde Pension Fund which is administered by Glasgow City Council and is a defined benefit scheme. The assets of the scheme are held separately from those of the Association with investments under the overall supervision of the Fund Trustees. The next full actuarial valuation is due as at 31 March 2017, but is not yet available as at the date of these financial statements.

Wheatley Housing Group Defined Contribution Scheme

The Wheatley Group also operates a defined contribution scheme through Salvus Master Trust. These arrangements are open to all employees of GHA who are not members of the Strathclyde Pension Fund.

Defined Benefit assets and obligations

The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	31 March 2017	31 March 2016
Discount rate	2.8%	3.8%
Future salary increases	2.0%	*2.5%
Inflation	2.3%	2.1%

* Salary increases are assumed to be 2.0% p.a. until 31 March 2019, 1.8% p.a. until 31 March 2018, reverting to the long term assumption shown thereafter 2.5% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2017, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- o Current pensioner aged 65: 22.1 years (male) (2016 22.1 years), 23.6 years (female) (2016 23.6 years).
- o Future retiree upon reaching 65: 24.8 years (male) (2016 24.8 years), 26.2 years (female) (2016 26.2 years).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The information disclosed below is in respect of the whole of the plans for which GHA has been allocated a share of cost under an agreed policy throughout the periods shown.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

22. Pensions (continued)

Movements in present value of defined benefit obligation

	2017 £ 000	2016 £ 000
Opening defined benefit obligation	294,769	305,865
Current service cost	7,651	8,478
Interest cost	11,254	10,456
Loss on curtailment	1,123	355
Actuarial losses/(gains)	70,791	(24,887)
Contributions by members	2,350	2,323
Estimated benefits paid	(8,300)	(7,821)
Closing defined benefit obligation	379,638	294,769

Movements in fair value of plan assets

	2017 £ 000	2016 £ 000
Opening fair value of plan assets	326,201	316,549
Expected return on plan assets	12,423	10,786
Actuarial gains/(losses)	63,487	(2,539)
Contributions by the employer	7,419	6,903
Contributions by the members	2,350	2,323
Estimated benefits paid	(8,300)	(7,821)
Closing fair value of plan assets	403,580	326,201

	2017 £ 000	2016 £ 000
Present value of funded defined benefit obligations	(379,366)	(294,769)
Present value of unfunded defined benefit obligations	(272)	-
Fair value of plan assets	403,580	326,201
Net asset	23,942	31,432

Expense recognised in the statement of comprehensive income

	2017 £ 000	2016 £ 000
Current service cost	7,651	8,478
Losses on settlements or curtailments	1,123	355
Net interest on net defined benefit obligation	(1,169)	(330)
	7,605	8,503

The expense is recognised in the following line items in the statement of comprehensive income

	2017 £ 000	2016 £ 000
Operating costs	(164,335)	(167,679)
Finance charges	-	-
Finance income	3,633	2,256

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

22. Pensions (continued)

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £7,304k loss (2016: £22,348k gain).

The fair value of the plan assets and the return on those assets were as follows:

	2017 £ 000	2016 £ 000
Equities	282,506	234,865
Corporate bonds	48,430	48,930
Property	48,430	42,406
Cash	24,214	-
	<hr/> 403,580	<hr/> 326,201
Actual return on plan assets	75,910	8,247

23. Related party transactions

Members of the Management Board are related parties of the Association as defined by FRS 102.

The Association retains a register of members' interests. The following interests in related parties are required to be declared:

Tenant and factored homeowners Board Members

The following members are tenants or factored homeowners of the Association and have tenancies or factoring agreements that are on the Association's normal terms and they cannot use their positions to their advantage.

Kate Willis
Iwona Majzuk-Soska
Jean Albert Nietcho
Bernadette Hewitt
Robert Geddes
Gordon Sloan

Transactions entered into with members, and rent arrear balances outstanding at 31 March, are as follows:

	2017 £'000
Rent charged during the year	27
Arrears balances outstanding at 31 March 2016	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

23. Related party transactions (continued)

Other related parties

Related party interests and transactions during the year are as follows:

	Invoiced in the year £'000	Year end balance £'000
2017		
Bernadette Hewitt - Transforming Communities Glasgow	1	-
Bernadette Hewitt - Barmulloch Community Development	3	-
Kate Willis - Scotcash CIC	(4)	-

All transactions were on commercial terms and at arm's length.

During the year GHA held nomination rights to a directorship of Transforming Communities: Glasgow ("TC:G"). Bernadette Hewitt serves as a GHA nominated director on the board of TC:G.

During the year GHA held nomination rights to a directorship of Scotcash CIC. These rights allow GHA to nominate up to two directors to the board of Scotcash with Kathleen Willis serving on the board during the year.

24. Cash Flow Analysis

Cash flow from operating activities	2017	2016
	£ 000	£ 000
(Deficit)/surplus for the year	(23,496)	(5,807)
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	44,839	40,128
(Increase)/decrease/increase in trade and other debtors	(8,799)	3,642
(Decrease)/increase in trade and other creditors	(10,230)	1,454
Decrease in provisions	(230)	(45)
Pension costs less contribution payments	1,355	1,930
<u>Adjustments for investing or financing activities:</u>		
Proceeds from the sale of tangible fixed assets	(3,656)	(2,620)
Government grants utilised in the year	(8,932)	(24,603)
Interest payable	39,832	37,823
Interest received	(3,633)	(2,256)
Movement in fair value of financial instruments	(1,065)	(2,276)
Loss/(gain) on investment activities	2,208	(901)
Net cash inflow from operating activities	28,193	46,469

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

25. Ultimate parent organisation

The Association is a subsidiary undertaking of Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

The only group into which the results of the association are consolidated is Wheatley Housing Group Limited. The consolidated financial statements of Wheatley Housing Group Limited may be obtained from the registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

26. Post balance sheet events

On 1 April 2017 the Wheatley Housing Group became 50:50 joint owners of City Building (Glasgow) LLP with Glasgow City Council. This joint venture entity will provide repairs and investment works and services to the Wheatley Group and Glasgow City Council.

SUPPLEMENTARY INFORMATION

Secretary and Registered Office

Anthony Allison
Glasgow Housing Association Limited
Wheatley House
25 Cochrane Street
Glasgow G1 1HL

Independent auditor

KPMG LLP (UK)
319 St Vincent Street
Glasgow G2 5AS

Bankers

Royal Bank of Scotland
Glasgow Corporate Office
Kirkstane House
139 St Vincent Street
Glasgow G2 5JF