



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.

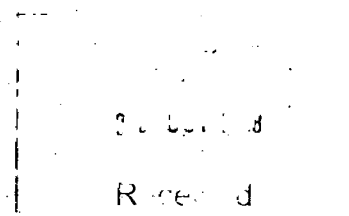
Please keep a copy of the form and supporting documents for future reference.

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

mutualsannrts@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

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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, TRANSFORMING COMMUNITIES; GLASGOW.

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	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, NILE ENERGY AND POWER SOLUTIONS LIMITED
CATHY MCGRATH	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW	1950	N/A
COUNCILLOR KENNY MCLEAN	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW	1960	GLASGOW CITY COUNCIL (COUNCILLOR), TRANSFORMING COMMUNITIES, GLASGOW FOSSIL GROVE TRUST
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, WHEATLEY GROUP CAPITAL PLC; WHEATLEY FUNDING NO 1 LTD; WHEATLEY FUNDING NO 2 LTD.

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 PROVISION, CONSTRUCTION, IMPROVEMENT AND MANAGEMENT OF LAND AND ACCOMMODATION.

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	9
B	Members ceased during year	1
C	Members admitted during year	3
D	Members at end of year	11
E	Turnover for year	187,770,000
F	Total of income and expenditure (receipts and payments added together)	25,683,000
G	Net surplus/(deficit) for year	(16,081,000)
H	Fixed assets	1,303,443,000
I	Current assets	140,476,000
J	Total assets (equal to amount in row O, below)	1,471,328,000
K	Current liabilities	(70,255,000)
L	Share capital	(11) (treated as NIL return in annual accounts)
M	Long-term liabilities	(872,206,000)
N	Reserves	(528,867,000)
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	(1,471,328,000)
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	6	/	0	9	/	2	0	1	8
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4.2 Has your society produced accounts to the minimum standard required?

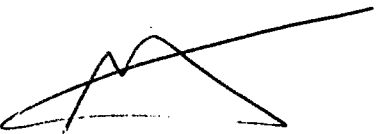
☒ Yes ▶ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached

☐ 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	26/10/2018

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 FRANK MCAVEETY	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW G11HL	1962	COUNCILLOR
BERNADETTE HEWITT (CHAIRMAN)	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW G11HL	1961	WHEATLEY HOUSING GROUP LIMITED, WHEATLEY ENTERPRISES LIMITED, WHEATLEY SOLUTIONS LIMITED, TRANSFORMING COMMUNITIES; GLASGOW
PROFESSOR PADDY GRAY	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW G11HL	1957	LECTURER DIRECTOR: FIRST HOUSING AID & SUPPORT SERVICES PPG CONSULTANCY LIMITED APPROVED LETTING SCHEME LIMITED NORTHERN ISLAND CHAIR: CONNSWATER HOMES CITIZENS ADVICE BUREAU DERRY ATLANTIC QUAY MANAGEMENT COMPANY DERRY REPUBLIC OF IRELAND:

			RESIDENTIAL TENANCIES BOARD TUATH HOUSING ASSOCIATION THRESHOLD IRELAND ICARE ENGLAND NATIONAL APPROVED LETTING SCHEME EUROPE EUROPEAN NETWORK OF HOUSING
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ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

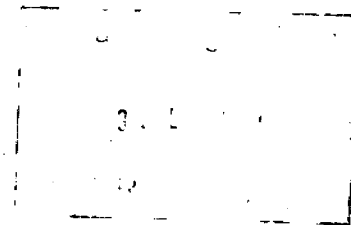
31 March 2018

The Glasgow Housing Association Limited

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

(Scottish Housing Regulator Registration No. 317)

(Scottish Charity No. SC034054)



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

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 over 39,000 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 1,600 staff, who deliver sector-leading frontline services.

OPERATING REVIEW

Our remarkable year

As well as clinching the Global Business Excellence award from the European Foundation for Quality Management ("EFQM"), 2017 was capped in outstanding style in December when GHA was named by Investors in People as the UK Platinum Employer of the Year and the UK's Apprentice Employer of the Year.

This went hand in hand with continued improvements across a number of areas we know are important to our customers. The most important indicator of all is the percentage of tenants who are satisfied with GHA overall as their landlord. We are delighted to report that tenant satisfaction rose to 91%, the highest ever and up from 89% the previous year. Other performance highlights included:

- Antisocial behaviour cases resolved within locally agreed targets, improving from 91% to 97%; and
- 88% of tenants reported that they were satisfied with the quality of their home. This is comparable with last year's measure.

At the end of the financial year we reorganised our teams so they could work better together locally, particularly with repairs and environmental staff, to provide excellent services in our communities. Our housing officers retained what are among the smallest patch sizes in the UK, with responsibility for around 200 homes each. We also prepared to introduce iPads for our housing officers from April 2018 so they could do much more when out in our customers' homes. Jennifer Russell was appointed Managing Director of GHA; she is supported by 12 Locality Directors who are based in our communities.

Our repairs service

More tenants were happy with the repairs and maintenance service in 2017/18: 94% of tenants reported being satisfied with the service, up from 86% in 2016/17. The average time to complete medical adaptations to our homes also improved from 23 days to 19.5 days in 2017/18.

The improved performance came after we rolled out our new repairs service delivered by City Building (Glasgow) LLP ("CBG") which has been jointly owned since April 2017 by our parent company, The Wheatley Housing Group Limited, and Glasgow City Council.

Improvements to the service include new local teams, closer working between repairs teams and GHA staff, and greater focus by the tradespeople on customer service.

OPERATING REVIEW (continued)

Building and improving homes

GHA built 357 new homes over the year, 269 of them for social rent and 88 for mid-market rent. Mid-market homes provide a good alternative for people looking for affordable housing but who perhaps don't have priority for a social home.

The new affordable homes which were completed included:

- 105 in Brand Street in Govan where an old tram depot was restored and refurbished as part of the development;
- 130 in Dougrie Drive in Castlemilk; and
- 54 in Lincoln Avenue in Knightswood.

Hundreds more homes are being built over the next few years with over 300 planned in 2018/19 and more than 700 the following year.

We also invested £48m in improving our existing homes across our communities. This included continuing the Winget refurbishment programme in Carntyne with 30 blocks benefiting from major structural improvements, new kitchens, bathrooms and rewiring. Another 2,500 tenants benefited from improved heating systems and new energy-efficient boilers. We also invested £2.5m in replacing lifts in eight multi-storeys including at Helenvale, Ruby Street and Baltic Street in the North East.

We installed wall insulation in homes in Riddrie and Scotstoun and put in new communal facilities for residents in multi-storey flats at Jura Court in Mossbank and Dougrie Drive in Castlemilk.

Investing in neighbourhoods

Our Community Improvement Partnership ("CIP") sees police and fire officers seconded to Wheatley Group to work closely with housing staff to keep local communities safe. It was further strengthened with a number of new roles including five new behaviour change officers to support young people in trouble turn their lives around, and two new fire safety officers.

Fire safety remained a top priority for us with daily fire checks at all our multi-storey sites by our environmental teams, inspections by Scottish Fire and Rescue, a programme of work to further improve the safety of blocks and a Stay Safe campaign to encourage all tenants to get a home fire safety visit.

Our partnership with Keep Scotland Beautiful saw more than 70 tenants become involved in plans to make sure every neighbourhood meets high environmental standards. The tenants have received training and will be involved in assessing GHA neighbourhoods in line with Keep Scotland Beautiful's national standards. Each neighbourhood is scored out of five stars and detailed action plans drawn up after the inspections.

Overall satisfaction with neighbourhoods among tenants was 88% in 2017/18 up from 86.6% on the previous year.

Rents and value for money

The percentage of tenants who feel the rent for their home represents good value for money improved from 75% in 2013/14 to 83% in 2017/18.

GHA gross rent arrears improved to 3.6% from 3.7% in 2016/17, this continues the improving trend from 2013/14 when GHA arrears were 5.07%.

OPERATING REVIEW (continued)

Engaging with customers

We continued to engage with customers across a range of channels, listening to their feedback and using it to improve services. The percentage of tenants who feel GHA is good at keeping them informed about their services and decisions rose to 90% in 2017/18 and the percentage of tenants satisfied with the opportunities given to them to participate in GHA's decision making process improved to 77% from 73% in 2016/17.

We consulted customers formally on a new allocations policy, "My Housing", with their feedback influencing the final service. "My Housing", our new housing advice, information and letting service, is due to be introduced later in 2018. We also consulted tenants on three options for rent charges for 2018/19 and on proposals for new services at our sheltered housing complexes.

We held a range of community events across all our areas and continued to involve tenants in local decisions through our scrutiny panel, forums and local committees.

We also reached out to more tenants through online channels, with over 16,700 people following us on our social media channels and our website audience growing steadily with around 25,000 visitors a month. More than 2,300 tenants were registered for online self-service at the end of the financial year with people finding it quick and convenient to pay rent, check their account, book a repair or request a service. Since then, we have simplified the sign-up process, encouraging thousands more people to register and use online self-service.

As part of the reorganisation of GHA teams, we have introduced local community engagement officers to engage more tenants in shaping our services than ever before.

Supporting our customers

We supported our tenants and their families to get the most out of their lives through a range of services and projects, many of which are funded through the Wheatley Foundation, our charitable trust. This included providing jobs and training opportunities, support to get ready for work for those facing the biggest challenges, help with money, budgeting and benefits, access to bursaries to go to university and access to arts and sports projects.

Over 2017/18 we:

- supported 262 people from GHA homes into jobs or training;
- helped 37 people from our homes go to college or university through Wheatley Foundation's bursary scheme which provides people with up to £1,500 funding a year;
- provided vital support to over 1,000 newer tenants to help them manage their finances and settle into their community through "Wheatley's My Great Start" service;
- gave 414 customers up-cycled furniture through our "Home Comforts" service; and
- offered 570 of our most vulnerable households help to put food on the table through our "Eat Well" service.

Independent auditor

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 £187.8m (2017: £174.5m). Of this total, 86.4% or £162.3m (2017: £159.6m and 91.4%) was generated through rental and service charge income, net of void losses. The remainder included:

- £17.7m of grant income recognised on the completion of new build properties (2017: £5.8m);
- £4.6m of commercial property income (2017: £4.6m); and
- £1.7m of income in relation to improvements to homeowners' properties (2017: £2.3m).

Expenditure

Operating costs for the year amounted to £162.1m (2017: £164.3m). The main items of expenditure were as follows:

- Letting activity management costs of £47.3m (2017: £47.8m);
- Planned repair and reactive maintenance costs of £16.3m and £28.7m respectively (2017: £15.4m and £27.9m);
- Total depreciation costs of £47.2m (2017: £44.8m);
- Restructuring costs of £6.6m (2017: £3.2m);
- Demolition costs of £1.3m (2017: £5.9m); and
- Costs associated with our wider role in supporting communities of £4.6m (2017: £7.7m).

The Association generated an operating surplus of £22.1m (2017: £8.0m) in the year after taking account of losses on the revaluation of investment properties held.

The Association had a net asset position in the Statement of Financial Position of £528.9m at the year-end (2017: £464.9m).

Cashflows

The cash flow statement of the Association is shown on page 16. GHA generated £84.0m from operating activities (2017: £28.2m). 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 £11.8m (2017: increased by £1.6m).

Liquidity

The Association's net current assets as at 31 March 2018 totalled £70.2m (2017: £93.5m). The £23.2m 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 £814.1m from £764.1m.

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 ("WFL1"), a related entity, as detailed in note 18. The Association has access to an intra-group facility of £857.3m which is secured on its housing stock. Interest rate risk is managed at a group level by WFL1.

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 £1,237.7m (2017: £1,126.3m)

New Build

During the financial year we completed 357 new build properties across five developments. Our new build programme invested £52.6m in the year. The Business Plan includes a further projected spend of £144m 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 reserve includes 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 reserve, 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)

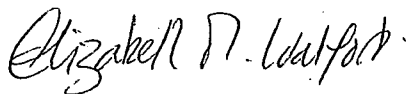
Pension reserve

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



Liz Walford, Vice Chair
29 August 2018

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2018 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 2018 there were 11 members (2017: 9 members) of the GHA Board: 6 tenant members, 2 parent appointees, 2 council Board members, 1 co-optee and no independents.

Each member of the Board holds one fully paid £1 share that is cancelled on cessation of membership. During 2017/18, 3 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
Bernadette Hewitt (Chair & tenant member)	30 May 2014	21 September 2017	-	Wheatley Housing Group Limited, Wheatley Solutions Limited, Group Audit Committee, Group Strategic Development Committee, Group RAAG (Remuneration, Appointments, Appraisal and Governance) Committee, Wheatley Enterprises Limited
Kathleen Willis (Tenant member)	9 September 2009	24 September 2015	-	Wheatley Housing Group Limited, GHA South Area Committee
Elizabeth Walford (Parent appointee)	17 August 2009	24 April 2013	-	Wheatley Housing Group Limited, Group Audit Committee, Group Strategic Development Committee, GHA (Management) Limited, YourPlace Property Management Limited, The Glasgow Housing Association (Funding) Limited
Robert Granger Geddes (Tenant member)	24 September 2015	-	-	GHA North East Area Committee
Patrick Gray (Co-optee)	1 May 2017	-	-	Wheatley Housing Group Limited
Councillor Kenny McLean (Glasgow City Council appointee)	30 May 2014	1 June 2017	-	-

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS
(continued)

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Iwona Majzuk Soska (Tenant member)	30 May 2014	21 September 2017	-	GHA North West Area Committee
Jean Albert Nietcho (Tenant member)	25 September 2014	21 September 2016	-	Wheatley Foundation Limited
Josephine Armstrong (Parent appointee)	24 June 2015	-	-	Wheatley Housing Group Limited (Non-Executive Director), Group Audit Committee, Group Strategic Development Committee
Councillor Frank McAveety (Glasgow City Council appointee)	20 June 2017	-	-	-
Cathy McGrath (Tenant member)	21 September 2017	-	-	GHA North East Area Committee
Councillor George Redmond (Glasgow City Council appointee)	4 November 2015	-	19 May 2017	-

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 auditor

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 auditor is 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 auditor is 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.

GHA BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS (continued)

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

The Board is responsible for preparing the Board's 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 Standard 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.

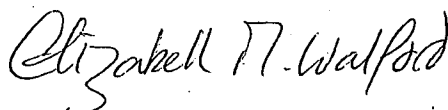
In preparing these financial statements, the Board is required to:

- 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
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

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). It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 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



Liz Walford, Vice Chair
29 August 2018

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GLASGOW HOUSING ASSOCIATION LIMITED

We have audited the financial statements of The Glasgow Housing Association Limited ("the association") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the association as at 31 March 2018 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The association's Board is responsible for the other information, which comprises the Board's Annual Report and the Statement on Internal Financial Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on page 10 does not provide the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GLASGOW HOUSING ASSOCIATION LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 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.

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in their statement set out on page 11, the association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 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.



Andrew Shaw
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow G2 5AS

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

7 September 2018

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

	Notes	Total 2018 £'000	Total 2017 £'000
Turnover	3	187,770	174,525
Operating expenditure	3	(162,087)	(164,335)
Loss on investment properties	3	(3,606)	(2,208)
Operating surplus		22,077	7,982
Gain on disposal of fixed assets	9	3,610	3,656
Finance income	10	3,169	3,633
Finance charges	11	(44,587)	(39,832)
Movement in fair value of financial instruments		(350)	1,065
Deficit for the financial year	21	(16,081)	(23,496)
Unrealised surplus on the revaluation of housing properties	21	72,676	9,247
Unrealised surplus on the revaluation of office properties	-	-	3,479
Actuarial gain/(loss) in respect of pension schemes	22	7,419	(7,304)
Total comprehensive income/(loss) for the year		64,014	(18,074)

All amounts relate to continuing operations.

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2018**

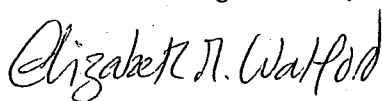
		Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2016		326,313	156,614	482,927
Total comprehensive loss for the year		(18,074)	-	(18,074)
Transfer of reserves for the revaluation of housing properties		(9,247)	9,247	-
Transfer of reserves for the revaluation of office properties		(3,479)	3,479	-
Balance at 31 March 2017	21	295,513	169,340	464,853
Total comprehensive income for the year		64,014	-	64,014
Transfer of reserves for the revaluation of housing properties		(72,676)	72,676	-
Transfer of reserves for the revaluation of office properties		-	-	-
Balance at 31 March 2018	21	286,851	242,016	528,867

The notes on pages 17 to 40 form part of these financial statements.

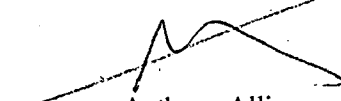
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Social housing properties	14	1,237,679	1,126,290
Other tangible fixed assets	14	27,869	29,407
Investment properties	15	29,508	23,309
Investments - other	15	8,387	8,387
		<u>1,303,443</u>	<u>1,187,393</u>
 Pension asset	 22	 27,409	 23,942
 Current assets			
Trade and other debtors	16	121,165	139,569
Cash and cash equivalents		19,311	7,525
		<u>140,476</u>	<u>147,094</u>
Creditors: amounts falling due within one year	17	<u>(70,255)</u>	<u>(53,633)</u>
 Net current assets		 <u>70,221</u>	 <u>93,461</u>
 Total assets less current liabilities		 1,401,073	 1,304,796
 Creditors: amounts falling due after more than one year	18	 <u>(814,060)</u>	 <u>(764,135)</u>
		<u>587,013</u>	<u>540,661</u>
 Provisions for liabilities			
Other provisions	19	<u>(58,146)</u>	<u>(75,808)</u>
Total net assets		<u>528,867</u>	<u>464,853</u>
 Reserves			
Share capital	20	-	-
Revenue reserve including pension reserve	21	286,851	295,513
Revaluation reserve	21	242,016	169,340
Total reserves		<u>528,867</u>	<u>464,853</u>

These financial statements were approved by the Board on 17 August 2018 and were signed on its behalf on 29 August 2018 by:


Liz Walford
Vice Chair


Kate Willis
Director


Anthony Allison
Secretary

The notes on pages 17 to 40 form part of these financial statements.

Charity registration number SC034054.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	<i>Notes</i>	2018 £000	2017 £000
Net cash generated from operating activities	24	<u>83,997</u>	<u>28,193</u>
Cash flow from investing activities			
Improvement of properties – housing stock	14	(47,556)	(47,607)
New build		(51,192)	(37,087)
Purchase of other fixed assets	14	(2,486)	(9,701)
Right-to-buy proceeds	9	12,020	9,562
Grants received	18	25,534	21,543
Finance income		<u>928</u>	<u>1,235</u>
		(62,752)	(62,055)
Cash flow from financing activities			
Finance charges		(43,459)	(37,521)
Financing draw down		<u>34,000</u>	<u>73,000</u>
		(9,459)	35,479
Net change in cash and cash equivalents		<u>11,786</u>	<u>1,617</u>
Cash and cash equivalents at beginning of the year		7,525	5,908
Cash and cash equivalents at end of the year		19,311	7,525
Cash and cash equivalents at 31 March			
Cash		19,311	7,525
Bank overdraft		<u>-</u>	<u>-</u>
		<u>19,311</u>	<u>7,525</u>

The notes on pages 17 to 40 form part of these financial statements

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

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 2014, 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 2018 (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.

Any movement in the value of financial instruments recognised in the Statement of Comprehensive Income relates to any in-year adjustments for changes in the value of payment arrangement in place with customers, and the Scottish Government loan.

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.

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

2. Accounting policies (continued)

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 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 ("EUUV-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 2018 (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 2018 (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 (valuation)	40 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.

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

2. Accounting policies (continued)

Taxation

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	2018 Operating Costs	Loss on investment activities	Operating Surplus/ (deficit)	2017 Operating Surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	180,028	(141,009)	-	39,019	28,488
Other activities (note 5)	7,742	(21,078)	-	(13,336)	(18,298)
Loss on investment activities (note 15)	-	-	(3,606)	(3,606)	(2,208)
Total	187,770	(162,087)	(3,606)	22,077	7,982
Total for previous reporting period	174,525	(164,335)	(2,208)	7,982	

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

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

	General Needs £'000	2018 Supported Housing £'000	Total £'000	2017 Total £'000
Rent receivable net of service charges	158,791	2,957	161,748	158,297
Service charges	1,609	30	1,639	2,111
Gross income from rents and service charges	160,400	2,987	163,387	160,408
Less rent losses from voids	(1,040)	(19)	(1,059)	(843)
Net income from rents and service charges	159,360	2,968	162,328	159,565
Grants released from deferred income	17,376	324	17,700	5,792
Revenue grants from Scottish Ministers	-	-	-	-
Other revenue grants	-	-	-	-
Total turnover from affordable letting activities	176,736	3,292	180,028	165,357
Management and maintenance administration costs	46,479	866	47,345	47,788
Service costs	4,029	75	4,104	3,479
Planned and cyclical maintenance including major repairs costs	16,026	298	16,324	15,390
Reactive maintenance costs	28,171	525	28,696	27,918
Bad debts – rents and service charges	1,319	25	1,344	1,571
Depreciation of affordable let properties	42,406	790	43,196	40,723
Operating costs for affordable letting activities	138,430	2,579	141,009	136,869
Operating surplus for affordable letting activities	38,306	713	39,019	28,488
Operating activities for affordable letting activities for the previous reporting period	27,967	521	28,488	

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

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

					2018	2017
	Grants From Scottish Ministers £'000	Other Revenue £'000	Supporting People Income £'000	Total Turnover £'000	Total Operating Costs £'000	Operating Surplus /(Deficit) £'000
Wider role activities to support the community	-	-	-	-	(4,621)	(4,621)
Investment property activities	-	4,575	-	4,575	(242)	4,333
Support activities	-	-	-	-	(1,479)	(1,479)
Owners' improvement activities	-	1,684	-	1,684	(2,521)	(837)
Demolition activities	-	-	-	-	(1,260)	(1,260)
Other income	-	1,483	-	1,483	-	1,483
Depreciation – Non Social Housing	-	-	-	-	(4,024)	(4,024)
Organisation Restructuring	-	-	-	-	(6,635)	(6,635)
Development & Construction of Property Activities	-	-	-	-	(296)	(296)
Total from other activities	-	7,742	-	7,742	(21,078)	(13,336)
Total from other activities for the previous reporting period	302	8,090	776	9,168	(27,466)	(18,298)

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

6. Board members' emoluments

Board members received £605 (2017: £4,373) 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

	2018 £'000	2017 £'000
Aggregate emoluments payable to key management (including pension contributions and benefits in kind)	1,276	1,156
Emoluments payable to the highest paid key management	269	250
Employer pension contributions	48	46
Total emoluments payable to the highest paid key management	317	296

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	1	3
More than £70,000 but not more than £80,000	4	-
More than £80,000 but not more than £90,000	-	-
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 2018. Key management personnel in the year were as follows:

Martin Armstrong
Olga Clayton
Elaine Melrose
Graham Isdale
Steven Henderson
Tom Barclay

Group Chief Executive
Group Director of Housing and Care
Group Director of Resources
Group Director of Corporate Affairs
Group Director of Finance
Group Director of Property and Development

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

8. Employees

In the year to 31 March 2018, the average full time equivalent number of employees of the Association, including senior officers, was 1,621 (2017: 1,583). 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.

	2018 £'000	2017 £'000
Staff costs (for the above persons)		
Wages and salaries	44,746	42,918
Social security costs	5,014	4,876
Employer's pension costs	7,131	6,813
FRS 102 pension adjustment	4,559	1,355
	<u>61,450</u>	<u>55,962</u>

9. Profit on sale of fixed assets

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

	2018 £'000	2017 £'000
<u>Right-to-Buy</u>		
Proceeds from disposal of properties	12,020	9,562
Value of properties disposed	<u>(8,410)</u>	<u>(5,906)</u>
Surplus on sale of fixed assets	<u>3,610</u>	<u>3,656</u>

10. Finance income

	2018 £'000	2017 £'000
Bank interest receivable on deposits in the year	1	3
Interest on intra group loans	2,561	2,461
Interest on pension scheme liability (note 22)	607	1,169
Total	<u>3,169</u>	<u>3,633</u>

11. Finance charges

	2018 £'000	2017 £'000
Interest on intra group loans	41,707	37,422
Other financing costs	2,880	2,410
Total	<u>44,587</u>	<u>39,832</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 2018 (continued)**

12. Auditors' remuneration

	2018 £'000	2017 £'000
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	49	49
Other services	-	-

13. Financial commitments

Capital commitments

All capital commitments of the Association were as follows:

	2018 £'000	2017 £'000
Expenditure contracted for, but not provided in the financial statements	49,298	34,549
Expenditure authorised by the Board, but not contracted	84,648	44,106
	<u>133,946</u>	<u>78,655</u>

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 2018 the Association had annual commitments under non-cancellable operating leases as follows:

	2018 £'000 Land and Buildings	2018 £'000 Other	2017 £'000 Land and Buildings	2017 £'000 Other
Operating leases that fall due:				
Within one year	750	-	926	47
In the second to fifth years inclusive	1,332	-	2,076	9
Over five years	-	-	108	-
	<u>2,082</u>	<u>-</u>	<u>3,110</u>	<u>56</u>

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 2018 (continued)**

14. Tangible fixed assets

Social Housing Properties

	Core Stock £'000	Housing Under Construction £'000	Total £'000
Valuation			
At 1 April 2017	1,081,500	44,790	1,126,290
Additions	47,556	52,568	100,124
Disposals	(8,410)	-	(8,410)
Transfers	31,168	(40,973)	(9,805)
Revaluation	29,480	-	29,480
At 31 March 2018	1,181,294	56,385	1,237,679
Accumulated Depreciation			
At 1 April 2017	-	-	-
Charge for year	(43,196)	-	(43,196)
Revaluation	43,196	-	43,196
At 31 March 2018	-	-	-
Net Book Value - Valuation			
At 31 March 2018	1,181,294	56,385	1,237,679
At 31 March 2017	1,081,500	44,790	1,126,290
Net Book Value - Cost			
At 31 March 2018	1,430,191	56,385	1,486,576
At 31 March 2017	1,359,877	44,790	1,404,667

Total expenditure on repairs and capital improvements in the year on existing properties was £92.6m (2017: £90.9m). Of this, repair costs of £45.0m (2017: £43.3m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £47.6m (2017: £47.6m) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £47.6m (2017: £47.6m) in the year include:

- £3.3m in relation to the replacement of components (2017: £4.2m); and
- £44.3m on the improvement of components (2017: £43.4m).

Additions to housing under construction include capitalised interest costs of £1.4m (2017: £1.0m). Interest has been capitalised at the weighted average interest cost for the Association of 5.50% (2017: 5.56%)

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 2018/19. The demolition programme identifies 122 (2017: 311) 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 2018 (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 £1,181.3m. Housing under construction, with a NBV of £56.4m, 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 2018 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 (2017: 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 (2018-19). 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 2017/18 GHA disposed of 304 properties to tenants under RTB entitlements. These properties were valued at £8.4m (2017: £5.9m). Tenants' right to buy their homes ended on 31 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 2018 is shown below:

	2018	2017
Social Housing		
General needs	38,392	38,376
Supported housing	715	715
Housing held for long-term letting	39,107	39,091
Housing approved / planned for demolition	122	311
Total Units	39,229	39,402

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 2018 (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 2017	7,143	10,470	24,590	28,736	70,939
Additions	1,619	-	867	-	2,486
At 31 March 2018	8,762	10,470	25,457	28,736	73,425
Accumulated Depreciation					
At 1 April 2017	(179)	-	(16,270)	(25,083)	(41,532)
Charge for year	(398)	(262)	(3,061)	(303)	(4,024)
At 31 March 2018	(577)	(262)	(19,331)	(25,386)	(45,556)
Net Book Value					
At 31 March 2018	8,185	10,208	6,126	3,350	27,869
At 31 March 2017	6,964	10,470	8,320	3,653	29,407

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 2018 (continued)**

15. Investments

Investment Properties

	Properties held for market rent £'000	Commercial Properties £'000	Total £'000
Valuation			
At 1 April 2017	12,565	10,744	23,309
Transfers between other fixed asset categories	9,805	-	9,805
Revaluation taken to operating surplus	(3,606)	-	(3,606)
At 31 March 2018	18,764	10,744	29,508
Net Book Value			
At 31 March 2018	18,764	10,744	29,508
At 31 March 2017	12,565	10,744	23,309

Market rent properties were valued at market value subject to tenancy (MV-T) by an independent professional adviser, Jones Lang LaSalle, on 31 March 2018.

The number of properties held for market rent by the Association at 31 March 2018 was:

	2018	2017
Mid Market Rent Properties		
Total Units	269	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:

	2018 £'000	2017 £'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 2018 (continued)**

16. Debtors

	2018 £'000	2017 £'000
Due in more than one year:		
Development agreement (note 2)	57,610	75,097
Due from other group companies	25,736	24,102
	<u>83,346</u>	<u>99,199</u>
Due within one year:		
Arrears of rent and service charges	9,600	9,568
Adjustment to discount arrears balances with payment plans to NPV	(62)	(62)
Less: provision for bad and doubtful debts	<u>(1,968)</u>	<u>(1,958)</u>
	7,570	7,548
Prepayments and accrued income	5,379	3,510
Other debtors	3,040	7,348
Due from other group companies	21,830	21,964
Total	<u>121,165</u>	<u>139,569</u>

Included in debtors is a balance of £57.6m (2017: £75.1m) 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 3.09% in the year (2017: 4.00%).

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

	2018 £'000	2017 £'000
Trade creditors	4,204	3,386
Accruals	26,521	15,400
Deferred income (note 18)	16,144	18,455
Rent and service charges received in advance	14,312	6,152
Salaries, wages, other taxation and social security	2,016	1,139
Other creditors	2,772	1,201
Due to other group companies	4,286	7,900
Total	<u>70,255</u>	<u>53,633</u>

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

	2018 £'000	2017 £'000
Scottish Government contingent efficiencies grant	29,187	27,315
Deferred income	22,105	11,487
Amount due to group company	762,305	724,870
Other	463	463
Total	814,060	764,135

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 (2017: £100.0m) has been received and this is an interest free loan with repayment due in 2040/41. The amount due of £29.2m at 31 March 2018 (2017: £27.3m) 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 £658.14m from a syndicate of commercial banks, a committed facility of £106.25m from the European Investment Bank, £300m raised through the issue of a public bond, £100.0m private placement loan notes with BlackRock Real Assets and £100.0m facility with HSBC. This provided total facilities of £1,264.4m 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 5.50% (2017: 5.56%).

The Glasgow Housing Association Limited has secured a major portion of its housing stock (£1,048.3m) against this facility, however, the remainder of its housing stock and any future new build properties will remain unsecured.

Borrowings are repayable as follows:

	2018 £'000	2017 £'000
In less than one year	2,018	-
In more than one year but less than two years	1,601	1,102
In more than two years but less than five years	2,971	2,584
In more than five years	757,733	721,184
	764,323	724,870

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (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 2017	23,913	6,029	29,942
Additional income received	25,924	1,875	27,799
Released to the Statement of Comprehensive Income	(17,700)	(1,792)	(19,492)
Deferred income as at 31 March 2018	32,137	6,112	38,249

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:	2018 £'000	2017 £'000
In less than one year (note 17)	16,144	18,455
In more than one year but less than five years	22,105	11,487
In more than five years	-	-
	38,249	29,942

Financial instruments

	2018 £'000	2017 £'000
Financial assets:		
Measured at amortised cost:		
Debtors and accrued income	95,429	115,467
Measured at fair value:		
Due from other group companies	25,736	24,102
Total	121,165	139,569
	2018 £ 000	2017 £ 000
Financial liabilities:		
Measured at amortised cost:		
Creditors, accruals and deferred income	855,128	790,453
Measured at fair value:		
Scottish Government loan	29,187	27,315
Total	884,315	817,768

Income earned and expense payable on the financial assets and liabilities is disclosed in notes 10 and 11 respectively.

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

19. Provisions for liabilities and charges

	Development Agreement £'000	Insurance £'000	Total £'000
At 1 April 2017	75,097	711	75,808
Created in year	-	-	-
Utilised	(17,487)	(175)	(17,662)
At 31 March 2018	57,610	536	58,146

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.

20. Share capital

	2018 £	2017 £
Shares of £1 each issued and fully paid		
At 1 April	10	11
Issued during year	3	-
Surrendered during year	(1)	(1)
At 31 March	12	10

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 2017	295,513	169,340	464,853
Deficit for the year	(16,081)	-	(16,081)
Revaluation of housing properties	-	72,676	72,676
Actuarial gain in respect of pension provision	7,419	-	7,419
Closing balance at 31 March 2018	286,851	242,016	528,867

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (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 latest full actuarial valuation was carried out as at 31 March 2017. The next full actuarial valuation is due as at 31 March 2020.

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 2018	31 March 2017
Discount rate	2.7%	2.8%
Future salary increases	*2.0%	2.0%
Inflation	2.2%	2.3%

*Salary increases are assumed to be 2.10% p.a. for 2018/19 and 2.0% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2018, 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:

- Current pensioner aged 65: 21.4 years (male) (2017 22.1 years), 23.7 years (female) (2017 23.6 years).
- Future retiree upon reaching 65: 23.4 years (male) (2017 24.8 years), 25.8 years (female) (2017 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 2018 (continued)**

22. Pensions (continued)

Movements in present value of defined benefit obligation

	2018 £'000	2017 £'000
Opening defined benefit obligation	379,638	294,769
Current service cost	11,528	7,651
Interest cost	10,708	11,254
Loss on curtailment	535	1,123
Actuarial (gains)/losses	(5,996)	70,791
Contributions by members	2,369	2,350
Estimated benefits paid	(8,246)	(8,300)
Closing defined benefit obligation	390,536	379,638

Movements in fair value of plan assets

	2018 £'000	2017 £'000
Opening fair value of plan assets	403,580	326,201
Expected return on plan assets	11,315	12,423
Actuarial gains	1,423	63,487
Contributions by the employer	7,504	7,419
Contributions by the members	2,369	2,350
Estimated benefits paid	(8,246)	(8,300)
Closing fair value of plan assets	417,945	403,580

	2018 £'000	2017 £'000
Present value of funded defined benefit obligations	(390,247)	(379,366)
Present value of unfunded defined benefit obligations	(289)	(272)
Fair value of plan assets	417,945	403,580
Net asset	27,409	23,942

Expense recognised in the statement of comprehensive income

	2018 £'000	2017 £'000
Current service cost	11,528	7,651
Losses on settlements or curtailments	535	1,123
Net interest on net defined benefit obligation	(607)	(1,169)
	11,456	7,605

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

	2018 £'000	2017 £'000
Operating costs	(162,087)	(164,335)
Finance income	3,169	3,633

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

22. Pensions (continued)

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £7,419k gain (2017: £7,304 loss).

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

	2018 £'000	2017 £'000
Equities	292,562	282,506
Corporate bonds	75,230	48,430
Property	45,974	48,430
Cash	4,179	24,214
	<hr/> 417,945	<hr/> 403,580
Actual return on plan assets	12,738	75,910

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
Cathy McGrath

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

	2018 £'000
Rent charged during the year	28
Arrears balances outstanding at 31 March 2018	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (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
2018		
Bernadette Hewitt - Transforming Communities Glasgow	2	-
Bernadette Hewitt - Barmulloch Community Development	7	-
Kate Willis - Scotcash CIC	(1)	-

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	2018 £'000	2017 £'000
Deficit for the year	(16,081)	(23,496)
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	47,220	44,839
Decrease/(increase) in trade and other debtors	2,551	(8,799)
Increase/(decrease) in trade and other creditors	23,651	(10,230)
Decrease in provisions	(175)	(230)
Pension costs less contribution payments	4,559	1,355
<u>Adjustments for investing or financing activities:</u>		
Proceeds from the sale of tangible fixed assets	(3,610)	(3,656)
Government grants utilised in the year	(19,492)	(8,932)
Interest payable	44,587	39,832
Interest received	(3,169)	(3,633)
Movement in fair value of financial instruments	350	(1,065)
Loss on investment activities	3,606	2,208
Net cash inflow from operating activities	83,997	28,193

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (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.

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