

PARTICK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010



Financial Services Authority No. 1824 R (S)

Registered Housing Association No. HAL 168

Scottish Charity No. SC033751

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

PARTICK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

Contents

	Page
Officers and professional advisers	1
Committee of Management's report	2 - 8
Statement of Committee of Management responsibilities	9
Statement on Internal Financial Control	10
Auditors' reports	11 - 12
Income and expenditure account	13
Balance sheet	14
Cash flow statement	15
Notes to the financial statements	16 - 36

Registration Particulars:

Financial Services Authority	Industrial and Provident Societies Act 1965 Registered Number 1824 R (S)
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number HAL 168
Office of the Scottish Charity Regulator	Charity and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC033751

PARTICK HOUSING ASSOCIATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2010

CHAIRPERSON

Neil Phillips

VICE CHAIR

Alastair Firth

SECRETARY

Philip Wong (appointed May 2010)

Margaret Halliday (resigned May 2010)

EXECUTIVE OFFICERS

Ruth Henderson	Chief Executive
Eamonn Hughes	Finance & Business Support Manager (appointed 17 June 2010)
Henry Wilson	Finance & Business Development Manager (resigned 2 March 2010)
Nick Ronan	Development Manager
Grant Saunders	Performance & Quality Manager
Lynne Donnelly	Customer Services Manager

REGISTERED OFFICE

10 Mansfield Street
Glasgow
G11 5QP

AUDITORS

BAKER TILLY UK AUDIT LLP
BRECKENRIDGE HOUSE
274 SAUCHIEHALL STREET
GLASGOW
G2 3EH

BANKERS

CLYDESDALE BANK
326 BYRES ROAD
GLASGOW
G12 8AN

SOLICITORS

HART SMITH & CO
43 CROW ROAD
GLASGOW
G11 7SH

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

The Committee of Management present their report and audited financial statements for the year ended 31 March 2010.

Principal activity

The principal activity of the Association is the provision of rented accommodation.

Our Strategic Aims

We believe that the Association's Community base can make a difference. We believe in people's potential to improve their circumstances in partnership with us. Together we will ensure that Partick becomes a sustainable vibrant city neighbourhood. We will ensure that all who can and should contribute to this vision do so. Our overarching aim is achieving sustainability through physical, economic and social regeneration in Partick and other neighbourhoods.

Our priorities/objectives are:

1. Building a balanced and sustainable community
 - Increase the overall supply of Housing for Social Rent and Low Cost Home Ownership
 - Improve the housing mix
 - Meet the demand for adaptations
 - Improve respect for Good Neighbour Charter
 - Support to sustain tenancies
2. Improving housing standards in existing homes
 - Comply with Scottish Housing Quality Standard
 - Quality re-let standard in competitive environment
 - Eradicate 'hot spots'
3. Create an attractive sustainable environment
 - Improve poor quality public realm
 - Improve quality of backcourts
 - Deliver clean closes, streets and backcourts
4. Supporting economic regeneration
 - Increase number of workspaces/offices
 - Support new businesses
 - Maximise use of commercial assets
5. Supporting social re-generation
 - Improve the level of community engagement
 - Build the capacity of the community through supporting initiatives
6. Strategic partnerships
 - Sustain development through mixed housing funding
 - Increase partnerships with developers, Glasgow City Council, Health Board, Glasgow Housing Association, other housing associations and voluntary organisations
 - Sustain and enhance the strategic partnership with any maintenance partners and other providers
 - Use local stakeholders as change catalysts
7. Business growth through an increase of
 - Properties in management
 - Properties in ownership
 - Expanding beyond core services
 - Commercial property portfolio

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

Financial Review

Accounting Policies

The Association's accounting policies are the UK Generally Accepted Accounting Principals and no change has been implemented from the principals and policies used in the previous year. The major accounting policies in terms of impact on the financial statements are the treatment of capital grants, capitalised interest, the capitalisation of development staff costs within housing properties and the calculation of housing property depreciation. No changes have been made to the accounting policies relating to designated reserves, but a review during the year recommended a general reserve equivalent to six month's operating costs.

Treasury Policy

The treasury function manages the Association's financial resources to ensure it can meet its financial obligations as they fall due.

During the year cash flow was positive (more cash generated than spent) by £699,680. This was the effect of social housing grant received of £2,263,433 and a decrease in debtors of £1,701,807 offset by a decrease in creditors of £499,081, an increase in the investment in stock of £955,251, development construction spend of £2,120,412 and loan repayments of £449,134.

Net debt was reduced in the year by £1,148,814 to £5,439,359 due to the increase in cash of £699,680 and loan repayments of £449,134. As a result of low interest rates during the year, interest paid reduced by £263,851 to £184,582 and interest received reduced by £271,258 to £105,232.

The Association continues to apply its Treasury Management policy to maximise the resources available to it and is confident that it will continue to be able to access loan facilities when required albeit at much higher cost than the recent past.

Turnover

Gross income from rent and service charges increased in the year by 6.4% and voids reduced by 50.1% to £23,233 (i.e. 0.5% of gross income).

Operating Costs

Operating costs increased in the year by 1.6% with bad debts written off from other activities accounting for this.

Interest Covenants

Including the gain on sale of housing accommodation the Association's interest cover was 398% (2009 - 110%).

Balance Sheet

The net worth of the Association increased in the year by £549,367 to £6,798,658 represented by designated reserves of £3,955,956, revenue reserves of £2,842,458 (over 6 months of operating costs in line with policy) and issued share capital of £244.

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 13. The surplus for the year of £549,359 (2009 - £47,004) has been dealt with as follows:

	£	£
Surplus for the year		549,359
Transfers from/(to) designated reserves:		
Cyclical maintenance reserve	21,252	
Major repairs sinking fund	<u>(183,668)</u>	
		<u>(162,416)</u>
Transfer to revenue reserve		<u>386,943</u>

Members of Committee of Management

The Members of the Committee of the Association during the year to 31 March 2010 were as follows:

Neil Phillips (Chairperson)
Alistair Firth (Vice Chairperson)
David Quick
Carol Ballingall
Margaret Burke
Kenneth MacDonald
Catherine Dowling
Cheryl Osborne
Ruth Adam (resigned June 2009)
William Thomson (resigned November 2009)
Mark Skippen (resigned December 2009)
Collette Marshall (resigned January 2010)
Norah McArthur (resigned January 2010)
Margaret Halliday (resigned May 2010)
Annette Bonar (appointed September 2009)
John Gilbertson (appointed September 2009)
Philip Wong (Secretary) (Co-optee) (appointed January 2010)

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

Operational Review

Corporate Governance

The Association is the charitable parent of the group and has a clear and separate identity.

The members of the group are:

	<u>Activity</u>
Partick Housing Association Ltd	Provision of rented accommodation
Partick Works Ltd	Rental of commercial properties and development of real estate
Partick Homes Ltd	Factoring
Partick DRK 2001 Ltd	Development of real estate

Our governing body is our Committee of Management, which is elected by and is responsible to the wider share membership. Committee of Management members, who serve in a voluntary capacity are responsible for determining the overall direction of the Association its strategy and policy. The Committee exercises proper control over our activities and makes decisions in the best interests of the organisation and its service users. Standards of service delivery are set and monitored regularly through regular reporting.

We take governance very seriously and review our Governance policies and processes regularly. As part of that we undertake self assessment of our performance and ensure that we have the right mix of skills and expertise to meet the responsibilities which we hold. We operate to high ethical standards and conduct our business in accordance with our Code of Conduct.

The Executive Team is responsible for delivering the strategy set by the Committee of Management and undertake the operational activities in line with the policies set.

This report details issues that have arisen during the year relating to the main activities undertaken by Partick Housing Association.

Corporate Issues

Involvement and participation of our service users is a major part of the Association's Aims and Objectives, and we continue to review how we involve our service users in our activities through our customer engagement strategy.

Similarly the Association is committed to involving staff in decision making and policy making. We recognise that people are our most valuable resource and as an accredited Investor in People we are committed to engaging stakeholders in the development of our business planning process and ensuring that people have the skills and knowledge to enable our business objectives to be delivered.

Best use of resources

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have continued programmes of major investment in our housing stock. This includes both carrying out major repairs, and also considering whether any of our older schemes should be remodelled to meet the changing requirements of tenants in the future. We are updating our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements. We have continued our programme of best value reviews, to look for efficiencies and economies in the way that we carry out business processes.

Services

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do. In our housing stock, we continued to invest in our major repairs programme, introduced improved arrangements for gas servicing, and brought new schemes into management.

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

Operational Review

Services (contd)

Our focus on rent arrears management continued, with clearer information to tenants, and a wider range of ways to pay. We continued to deliver many completed adaptations to existing properties, to meet the specific needs of our tenants.

Other Areas

Risk Management Policy

The Committee have, with advice from their auditors, a formal risk management process in place to assess business risks and implement risk management strategies. This involved identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee have reviewed the adequacy of the Association's current internal controls.

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

- consideration of the type of risks the Association faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks concerned materialising;
- the Association's ability to reduce the incidence and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit obtained.
- clarified the responsibility of management to implement the Committee's policies and to identify and evaluate risks for their consideration.
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.
- embedded the control system in the Association's operations so that it becomes part of the culture of the Association.
- developed systems to respond quickly to evolving risks arising from factors within the Association to changes in the external environment.
- included procedures for reporting failings immediately to appropriate levels of management and the Committee together with details of corrective action being undertaken.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

Maintenance policies

The Association seeks to maintain its properties to the highest standard, including day to day repairs and cyclical maintenance to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account.

In addition, the Association has a long-term programme of major repairs to replace components which have come to the end of their lives or to update standards as a result of legislative changes. The cost of these repairs would be charged to the Income and Expenditure account, unless it was agreed they could be capitalised within the terms outlined in the SORP.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

Employee Involvement and Health & Safety

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

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training and development. High quality personnel are an essential part of the control environment and the ethical standards set out in policies are communicated to all by the Chief Executive.

Investment Appraisal

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Committee. Reviews are carried out during the development period, to monitor expenditure and performance.

Budgetary Process

Each year the Committee of Management approves the annual budget and rolling three-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of Management of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Rental income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The point's value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the sector.

Disabled employees

The Association is accredited as being Positive about Disability. Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with our Equal Opportunities Policy and their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to enable them to remain in employment, including making any alterations or re training in order that their employment with the Association may continue. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

General Reserves Policy

The Committee members have reviewed the reserves of the Association. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. The review concluded that to allow the Association to be managed efficiently and to provide a buffer for uninterrupted services, a general reserve equivalent to six month's operating cost should be maintained. During the year the charity's general reserve increased from £2.46m to £2.84m (see note 17).

The Association has two designated funds. The purpose of these funds is detailed in note 1 in the financial statements.

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

Home ownership

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements

The Association sold one property under right to buy in the year, thereby allowing a tenant to achieve their aspiration of becoming a home owner.

Developments

During the year Partick Works Limited continued the development of a £7 million project at Byron Street of 44 flats, working in partnership with Whiteinch and Scotstoun Housing Association.

In line with continuing efforts to develop partnership working among the Associations involved in the West End Local Housing Forum, Partick Works Limited continued to provide development services to Glasgow West Housing Association.

Future developments

The Association is committed to an ongoing development programme which is undertaken by Partick Works Limited.

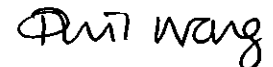
The Association's next new build development of 87 flats at Ferry Road achieved planning consent and is due on site during 2010/2011.

The Association is the preferred bidder for a Council owned site at Broomhill Place, which has the potential to deliver a further 38 units in future.

Auditors

A resolution to appoint an auditor will be put to the members at the annual general meeting.

On behalf of the Committee of Management



P Wong : Secretary

Date: 25 August 2010

PARTICK HOUSING ASSOCIATION LIMITED**STATEMENT OF COMMITTEE OF MANAGEMENT RESPONSIBILITIES**

Statute requires the Committee of Management to prepare financial statements for each financial year which give a true and fair view of affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Committee of Management are required to fulfil the following obligations:

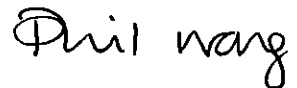
- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

The Committee of Management confirm that the financial statements comply with the requirements.

By order of the Committee of Management



P Wong : Secretary

Date: 25 August 2010

PARTICK HOUSING ASSOCIATION LIMITED
COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL
FINANCIAL CONTROL

31 MARCH 2010

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:-

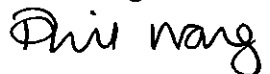
- The reliability of financial information used within the Association or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

It is the Committee of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material mis-statement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions.
- Forecasts and budgets are prepared regularly which allow the Committee and staff to monitor the key business risks and financial objectives and progress towards the financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variance from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Committee review reports from management and from both internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee of Management have reviewed the system of internal financial control in the Association during the year ended 31 March 2010. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Committee of Management


P Wong : Secretary

Date: 25 August 2010

PARTICK HOUSING ASSOCIATION LIMITED**AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS****Corporate Governance**

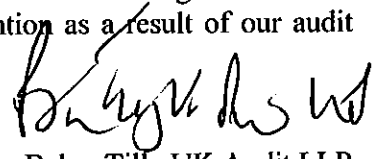
In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on page 10 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 10 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.



Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date: 6.9.10

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

We have audited the financial statements on pages 13 to 36 which have been prepared under the accounting policies set out on pages 16 to 19.

This report is made solely to the Association's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report or for the opinion we have formed.

Respective responsibilities of Committee of Management and auditors

The Committee of Management's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Committee of Management's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, a satisfactory system of internal control over transactions has not been maintained, if the Association has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Committee of Management's Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Committee of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

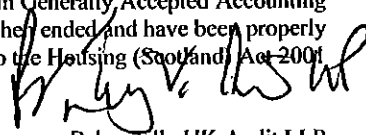
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Group accounts Section 14 (2) of the Friendly and Provident Societies Act 1968

We agree with the opinion of the Committee of Management of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association's subsidiaries, in the group accounts required to be prepared under Section 13 of the Friendly and Industrial and Provident Societies Act 1968 for the year ended 31 March 2010, because the business of the Association and that of its subsidiaries are so different they cannot be treated as a single undertaking.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2010 and of its surplus for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 to the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.


 Baker Tilly UK Audit LLP
 Registered Auditors
 Chartered Accountants
 Breckenridge House
 274 Sauchiehall Street
 Glasgow
 G2 3EH

Date: 6.9.10

PARTICK HOUSING ASSOCIATION LIMITED
INCOME & EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2010

	<u>Notes</u>	2010 £	2009 £
Turnover	2	4,765,327	4,333,182
Operating Costs	2	<u>4,305,934</u>	<u>4,237,928</u>
Operating Surplus	6	459,393	95,254
Gain on sale of housing accommodation		169,316	23,693
Interest Receivable and other income		105,232	376,490
Interest Payable	7	<u>(184,582)</u>	<u>(448,433)</u>
TOTAL SURPLUS FOR THE YEAR BEFORE TAXATION		549,359	47,004
Taxation on surplus on ordinary activities	8	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR		<u><u>549,359</u></u>	<u><u>47,004</u></u>

The results for 2009 and 2010 relate wholly to continuing activities.

The Association has no recognised gains or losses other than those dealt with in the income and expenditure account.

PARTICK HOUSING ASSOCIATION LIMITED
BALANCE SHEET AS AT 31 MARCH 2010

	<u>Notes</u>	2010 £	2009 £
<u>Tangible fixed assets</u>			
Housing properties less depreciation	9(a)	88,026,121	86,149,194
Less: Social Housing & other grants		<u>(80,986,002)</u>	<u>(81,316,500)</u>
		<u>7,040,119</u>	<u>4,832,694</u>
Homestake Loan	427,826		427,826
Homestake Grant	<u>(427,826)</u>		<u>(427,826)</u>
		-	-
Other	9(b)	<u>329,079</u>	<u>340,315</u>
		7,369,198	5,173,009
Investments	9(c)	<u>4</u>	<u>4</u>
		<u>7,369,202</u>	<u>5,173,013</u>
<u>Current Assets</u>			
Stock	10	1,459,563	504,312
Debtors	11	4,386,014	8,635,982
Cash at bank and in hand		<u>2,593,597</u>	<u>1,893,917</u>
		8,439,174	11,034,211
<u>Current liabilities</u>			
Creditors due within one year	12	<u>(1,387,060)</u>	<u>(1,864,552)</u>
<u>Net Current Assets</u>			
		<u>7,052,114</u>	<u>9,169,659</u>
<u>Total assets less current liabilities</u>			
		14,421,316	14,342,672
Creditors: amounts falling due after one year	13	<u>(7,622,658)</u>	<u>(8,093,381)</u>
<u>Net assets</u>			
		<u>6,798,658</u>	<u>6,249,291</u>
<u>Capital and Reserves</u>			
Called up Share Capital	14	244	258
Designated Reserves	15	3,955,956	3,793,540
Revaluation Reserve	16	-	-
Revenue reserves	17	<u>2,842,458</u>	<u>2,455,493</u>
		<u>6,798,658</u>	<u>6,249,291</u>

These financial statements were approved and authorised for issue by the Committee of Management on 25 August 2010 and signed on their behalf:

Committee member N Phillips

Committee member A Firth

Secretary P Wong

N Phillips
A Firth
P Wong

PARTICK HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR TO 31 MARCH 2010

	Notes	2010 £	2009 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18	<u>981,296</u>	<u>(2,630,492)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		105,232	376,490
Interest paid		<u>(184,582)</u>	<u>(448,433)</u>
		<u>(79,350)</u>	<u>(71,943)</u>
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		<u>901,946</u>	<u>(2,702,435)</u>
TAXATION			
Tax paid		-	-
Grant received		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
CAPITAL EXPENDITURE			
Cash paid for development, construction and purchasing of housing		(2,120,412)	(4,878,874)
Cash paid for purchase of other fixed assets		(68,457)	(21,615)
Social housing grant received		2,263,433	4,911,811
Proceeds on disposal of housing properties		<u>172,296</u>	<u>25,751</u>
		<u>246,860</u>	<u>37,073</u>
NET CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING		<u>1,148,806</u>	<u>(2,665,362)</u>
FINANCING			
Loan finance received		-	1,000,000
Loans repaid		(449,134)	(351,409)
Shares issued		8	19
		<u>(449,126)</u>	<u>648,610</u>
INCREASE/(DECREASE) IN CASH	19	<u>699,680</u>	<u>(2,016,752)</u>

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

1. Accounting Policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs (b) to (s) below. The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with The Financial Services Authority. The accounts have been prepared under the historical cost convention, and in compliance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and The Statement of Recommended Practice, Accounting by Registered Social Landlords 2008 and applicable Accounting Standards.

(b) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in note 9 will be grant aided, funded by loans or met out of reserves, or from proceeds of sales.

(c) Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from The Scottish Government, Local Authorities and other agencies, together with the proceeds of Homestake sales.

(d) Mortgages

Mortgage loans are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Housing Association Grant by Glasgow City Council.

(e) Housing Association Grants

Housing Association Grants (HAG) are made by Glasgow City Council and are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost (note 1(g)) of the scheme in accordance with instructions issued from time to time by The Scottish Government. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate.

(f) Housing Association Grant - Acquisition and Development Allowances receivable

Acquisition and Development Allowances are determined by The Scottish Government and are advanced as grants by Glasgow City Council. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development Allowances become available in instalments according to the progress of work on the scheme. These Allowances are credited to development costs when they are receivable.

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(g) Fixed assets - Housing land and buildings (note 9 (a))

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" by The Scottish Government for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes and where such costs are not felt to be excessive.

If expenditure does not qualify for HAG, it is nevertheless capitalised.

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

Interest on the loan financing the development is capitalised up to the relevant date of completion.

(h) Depreciation

(i) Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the remaining expected economic useful lives of the properties.

No depreciation is charged on the cost of land.

(ii) Other fixed assets

The Association's assets are written off evenly over their expected useful lives as follows:

Office Premises	-	2%
Office Furniture & Equipment	-	25%

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(h) **Depreciation (continued)**

Office premises at 30 Sandy Road are stated at valuation less accumulated depreciation.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on these assets is transferred annually from the Revaluation Reserve to the Revenue Reserve.

(i) **Sale of housing properties**

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale.

(j) **Reserves**

Designated reserve - Planned maintenance reserve (note 15)

Accrued cyclical maintenance, being the Association's commitment to maintain its properties in accordance with planned programme of works, is set aside in a designated reserve, to the extent that it will not be met from revenue in the year in which it is incurred.

Designated reserve - Major repairs reserve (note 15)

Accrued major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set aside in a designated reserve to the extent that it is not met from HAG.

(k) **Apportionment of management expenses**

Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

(l) **Lease obligations**

Rentals paid under operating leases are charged to the income and expenditure account on the accruals basis.

(m) **Pensions**

The Association participates in the centralised SFHA Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The expected cost to the Association of pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(n) **Value Added Tax**

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes, and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

(o) **Consolidation**

The Association and its subsidiary undertakings comprise a group. The Financial Services Authority has granted exemption from preparing group accounts. The accounts therefore represent the results of the Association and not of the group.

(p) **Improvements**

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

(q) **Impairment of fixed assets**

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the income and expenditure account.

(r) **Stock**

Stock of Homestake units is stated at cost, less grants.

Homestake is a shared equity scheme aimed at helping people on low incomes who wish to be homeowners but whose financial resources are insufficient to meet their needs because of local housing market prices. Homestake grant helps the Association to develop or purchase properties for shared equity purchasers who cannot afford to pay the full price of a property. A shared equity purchaser therefore takes an equity stake in a property, with the Association holding the remaining equity stake in that property.

(s) **Homestake sales**

Homestake transactions are grants received from The Scottish Government and passed onto an eligible beneficiary. The Scottish Government has a benefit of a fixed charge on the property. This entitles The Scottish Government to a share of the proceeds on the sale of the property by the beneficiary. These are classified as investments and are carried at historical cost with the linked finance cost (the grant received) being deducted from the gross amount of the Homestake asset.

2 Particulars of turnover, operating costs and operating surplus or deficit

	Note	Turnover £	Operating costs £	2010 Operating Surplus/ (Deficit) £	2009 Operating Surplus/ (Deficit) £
Social lettings	3(a)	4,575,653	3,971,092	604,561	189,227
Other activities	3(b)	189,674	334,842	(145,168)	(93,973)
Total		<u>4,765,327</u>	<u>4,305,934</u>	<u>459,393</u>	<u>95,254</u>
2009		<u>4,333,182</u>	<u>4,237,928</u>	<u>95,254</u>	

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

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	Other £	2010 Total £	2009 Total £
Rent receivable net of service charges	4,431,258	-	48,809	-	4,480,067	4,207,406
Service charges	118,819	-	-	-	118,819	115,175
Gross income from rents and service charges	4,550,077	-	48,809	-	4,598,886	4,322,581
Less voids	(23,233)	-	-	-	(23,233)	(46,540)
Net income from rents and service charges	4,526,844	-	48,809	-	4,575,653	4,276,041
Grants from the Scottish Ministers	-	-	-	-	-	31,040
Other revenue grants	-	-	-	-	-	100
Total turnover from social letting activities	4,526,844	-	48,809	-	4,575,653	4,307,181
Management and maintenance administration costs	1,519,837	-	16,740	-	1,536,577	1,618,020
Service costs	116,531	-	-	-	116,531	82,904
Planned and cyclical maintenance including major repairs costs	1,369,917	-	-	-	1,369,917	1,497,288
Reactive maintenance costs	723,047	-	-	-	723,047	733,661
Bad debts - rents and service charges	30,285	-	-	-	30,285	33,031
Depreciation of social housing	194,735	-	-	-	194,735	153,050
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	3,954,352	-	16,740	-	3,971,092	4,117,954
Operating surplus or deficit for social lettings	572,493	-	32,068	-	604,561	189,227
Operating surplus or deficit for social letting for 2009	156,843	-	32,384	-	189,227	-

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £ Nil (2009 - £ Nil)

The total amount of major repairs expenditure incurred in the year was £1,369,917 (2009 - £1,497,288).

Capitalised works to existing properties included in fixed asset additions totalled £1,330,415 (2009 - £331,690).

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

22

3(b) Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total Turnover £	Operating costs - bad debts £	Other operating costs £	2010 Operating surplus or deficit £	2009 Operating surplus or deficit £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	20,120	-	-	-	20,120	-	20,387	(267)	(155)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	76,654	-	-	-	76,654	230,612	9,208	(163,166)	(93,818)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	3,876	3,876	74,635	-	(70,759)	42,908
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities - Gift Aid	-	-	-	89,024	89,024	-	-	89,024	(42,908)
Total from other activities	96,774	-	-	92,900	189,674	305,247	29,595	(145,168)	(93,973)
Total from other activities for 2009	26,001	-	-	-	26,001	99,469	20,505	(93,973)	

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
YEAR ENDED 31 MARCH 2010

4 Employees	2010 Number	2009 Number
The average weekly number of persons employed during the year was	<u>29</u>	<u>31</u>
The average full time equivalent number of persons employed during the year was	<u>26</u>	<u>29</u>
Comprising:		
Staff employed by Partick Housing Association:		
The average weekly number of persons employed during the year was	<u>10</u>	<u>14</u>
The average full time equivalent number of persons employed during the year was	<u>10</u>	<u>14</u>
Staff not directly employed by Partick Housing Association:		
The average weekly number of persons employed during the year was	<u>19</u>	<u>17</u>
The average full time equivalent number of persons employed during the year was	<u>16</u>	<u>15</u>
Staff Costs:	2010 £	2009 £
Wages & Salaries	825,953	920,452
National Insurance Contributions	64,233	72,378
Pension Contributions	<u>106,973</u>	<u>121,590</u>
	<u>997,159</u>	<u>1,114,420</u>
Agency employment costs	<u>24,851</u>	<u>21,454</u>
Comprising:		
Staff employed by Partick Housing Association:		
Wages & Salaries	343,417	435,991
National Insurance Contributions	28,541	36,041
Pension Contributions	<u>44,485</u>	<u>59,464</u>
	<u>416,443</u>	<u>531,496</u>
Staff not directly employed by Partick Housing Association:		
Wages & Salaries	482,536	484,461
National Insurance Contributions	35,692	36,337
Pension Contributions	<u>62,488</u>	<u>62,126</u>
	<u>580,716</u>	<u>582,924</u>

5 Directors' Emoluments

The Management Committee are all classed as Directors of the Association. All perform their duties on a voluntary basis and have no emoluments from the Association. In addition the Chief Executive and any other person who reports directly to the Chief Executive or the Management Committee whose total emoluments exceed £60,000 per year is also similarly classed.

	2010 £	2009 £
Total Emoluments (including pension contributions and benefits in kind)	<u>137,440</u>	<u>72,847</u>
Emoluments of highest paid Director (excluding pension contributions)	<u>64,458</u>	<u>63,147</u>

The Chief Executive is an ordinary member of the Association's pension scheme described below. No enhanced or special terms apply to membership and she has no other pension arrangements to which the Association contribute. The Association's contributions for the Chief Executive in the year amounted to £9,869 (2009 - £9,700).

The number of Directors, including the highest paid Director, who received emoluments (excluding pension contributions) in the following ranges were as follows:

	No. of directors	No. of directors
£50,001 - £60,000	<u>1</u>	<u>-</u>
£60,001 - £70,000	<u>1</u>	<u>1</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
YEAR ENDED 31 MARCH 2010

<u>6 Operating surplus</u>	2010	2009
	£	£
Operating surplus is stated after charging:-		
Depreciation	274,428	258,224
Auditors Remuneration - Audit Services	12,800	11,805
Other Services	3,304	2,152
	<u>290,532</u>	<u>272,181</u>
 <u>7 Interest Payable</u>	 2010	 2009
	£	£
On Bank Loans and Overdraft	125,916	387,650
On other loans - The Scottish Government	58,666	60,783
	<u>184,582</u>	<u>448,433</u>
Less: Interest Capitalised	-	-
	<u>184,582</u>	<u>448,433</u>

8 Taxation

The Association received charitable status on 29 October 2002. There are no corporation tax charges on its exempt activities.

PATICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

9(a) Tangible Fixed Assets

	Housing properties held for letting £	Housing properties under construction £	Shared Ownership housing properties £	Environmental works/ improvements £	Total £
<u>Cost</u>					
At 01.04.09	79,170,870	5,906,376	546,309	1,923,985	87,547,540
Additions	1,641,570	3,214,051	-	-	4,855,621
Transfer to current assets	-	(2,735,209)	-	-	(2,735,209)
Transfers	158,020	(141,442)	(16,578)	-	-
Disposals	(48,750)	-	-	-	(48,750)
At 31.03.10	80,921,710	6,243,776	529,731	1,923,985	89,619,202
HAGs, other grants and other receipts					
At 01.04.09	73,723,489	5,375,566	460,365	1,757,080	81,316,500
Additions	161,087	1,334,143	-	-	1,495,230
Transfer to current assets	-	(1,779,958)	-	-	(1,779,958)
Transfers	16,578	-	(16,578)	-	-
Repaid, abated and disposed of during year	(45,770)	-	-	-	(45,770)
At 31.03.10	73,855,384	4,929,751	443,787	1,757,080	80,986,002
<u>Depreciation</u>					
At 01.04.09	1,368,229	-	-	30,117	1,398,346
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Charge for year	191,981	-	-	2,754	194,735
At 31.03.10	1,560,210	-	-	32,871	1,593,081
<u>Net Book Value</u>					
At 31.03.10	5,506,116	1,314,025	85,944	134,034	7,040,119
At 31.03.09	4,079,152	530,810	85,944	136,788	4,832,694

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

9(b) Tangible Fixed Assets

	Office Premises £	Office Furniture & Equipment £	Total £
<u>Cost/Valuation</u>			
At 01.04.09	327,335	721,726	1,049,061
Additions	-	68,457	68,457
Disposals	-	-	-
At 31.03.10	<u>327,335</u>	<u>790,183</u>	<u>1,117,518</u>
<u>Depreciation</u>			
At 01.04.09	70,833	637,913	708,746
Charge for year	6,547	73,146	79,693
Disposals	-	-	-
At 31.03.10	<u>77,380</u>	<u>711,059</u>	<u>788,439</u>
<u>Net Book Value</u>			
At 31.03.10	<u>249,955</u>	<u>79,124</u>	<u>329,079</u>
At 31.03.09	<u>256,502</u>	<u>83,813</u>	<u>340,315</u>

9(c) Investments

	2010 £	2009 £
Unlisted security	<u>4</u>	<u>4</u>

There are two subsidiaries, Partick Works Ltd and Partick Homes Ltd, in which the Association has all of the issued share capital of £1 in each company and a subsidiary, Partick DRK 2001 Ltd, in which the Association holds all of the issued share capital of £2. All three companies are limited companies registered in Scotland.

	Capital and Reserves £	Turnover £	Profit/(loss) for year £	Activity
Partick Works Ltd	(513,179)	432,117	(60,125)	Rental of commercial properties and development of real estate
Partick Homes Ltd	16,553	634,043	7,340	Factoring
Partick DRK 2001 Ltd	(504,651)	1,396,309	160,683	Development of real estate

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
YEAR ENDED 31 MARCH 2010

10 Stock	2010	2009
	£	£
Byron Street - new build development costs	3,847,894	1,112,685
Less: Grant received	<u>(2,388,331)</u>	<u>(608,373)</u>
	<u><u>1,459,563</u></u>	<u><u>504,312</u></u>

£318,251 of stock at 31 March 2010 will be sold to Whiteinch & Scotsloun Housing Association.

11 Debtors receivable within one year	2010	2009
	£	£
Gross arrears of rent and service charges	243,686	269,676
Less: Bad debt provision	<u>(51,812)</u>	<u>(56,473)</u>
Net arrears of rent and service charges	191,874	213,203
Development funding receivable	-	2,548,161
Other debtors	3,993,991	5,747,429
Prepayments and accrued income	<u>200,149</u>	<u>127,189</u>
	<u><u>4,386,014</u></u>	<u><u>8,635,982</u></u>

Included within other debtors are balances due from the Association's subsidiaries as follows:

Partick DRK 2001 Ltd	53,366	2,379,410
Partick Works Ltd	<u>3,932,014</u>	<u>3,213,928</u>
	<u><u>3,985,380</u></u>	<u><u>5,593,338</u></u>

The balances from Partick DRK 2001 Ltd and Partick Works Ltd are receivable after one year.

12 Creditors due within one year	2010	2009
	£	£
Housing loans	410,298	388,709
Taxation and social security costs	-	12,113
Rent in advance	194,581	195,839
Partick Homes Ltd	436,141	819,226
Accruals and deferred income	245,934	141,229
The Scottish Government	-	170,115
Other creditors	<u>100,106</u>	<u>137,321</u>
	<u><u>1,387,060</u></u>	<u><u>1,864,552</u></u>

13 Creditors due after one year

Standard Securities are held by various banks in respect of term loans. Loans from The Scottish Government are secured by specified charges on the Association's properties.

The loans are repayable at rates of interest of 0.838% - 15.875% (2009: 1.25% - 15.875%) in instalments due as follows:

	2010	2009
	£	£
- between one and two years	5,434,395	5,411,899
- between two and five years	1,364,652	1,385,135
- in five years or more	<u>823,611</u>	<u>1,296,347</u>
	<u><u>7,622,658</u></u>	<u><u>8,093,381</u></u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
YEAR ENDED 31 MARCH 2010

14 <u>Share Capital</u>	2010	2009
	£	£
Shares of £1 each fully paid and issued		
Allotted, issued & fully paid at 01/04/09	258	281
Shares issued during year	8	19
Shares forfeited during year	(22)	(42)
	<u>244</u>	<u>258</u>
As at 31/03/10		

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at members' meetings.

Under the Association's rules, share capital is non refundable if a person ceases to be a member.

At 31 March 2010, shares issued were split as follows:

	2010	2009
	No.	No.
Active members	244	258
Ceased members	-	-
	<u>244</u>	<u>258</u>

15 Designated Reserves

	Planned Maintenance Reserve £	Major Repairs Reserve £	Total £
Balance at 01/04/09	658,307	3,135,233	3,793,540
Transferred in year from surplus	(21,252)	183,668	162,416
Other transfers in year	-	-	-
Balance at 31/03/10	<u>637,055</u>	<u>3,318,901</u>	<u>3,955,956</u>

16 Revaluation Reserve

	2010	2009
	£	£
Revaluation reserves at 01/04/09	-	12,800
Release to revenue reserve	-	(12,800)
	<u>-</u>	<u>-</u>
Revaluation reserves at 31/03/10		

17 Revenue Reserve

	2010	2009
	£	£
Revenue reserves at 01/04/09	2,455,493	2,567,093
Surplus for year	549,359	47,004
Transfer to designated reserves	(162,416)	(171,446)
Transfer from revaluation reserve	-	12,800
Shares forfeited in year	22	42
	<u>2,842,458</u>	<u>2,455,493</u>
Revenue reserves at 31/03/10		

**18 Reconciliation of operating surplus to net cash
Inflow/(outflow) From Operating Activities**

	2010	2009
	£	£
Operating surplus for the year	459,393	95,254
Depreciation	274,428	258,224
(Increase) in stock	(955,251)	(504,312)
Decrease/(increase) in debtors	1,701,807	(2,423,577)
(Decrease) in creditors	(499,081)	(56,081)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>981,296</u>	<u>(2,630,492)</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
YEAR ENDED 31 MARCH 2010

19 Reconciliation of Net cashflow to Movement in Net Debt

	2010 £	2009 £
Increase/(decrease) in cash in year	699,680	(2,016,752)
Cash inflow from financing	-	(1,000,000)
Cash outflow to liquid resources	449,134	351,409
Change in net debt	1,148,814	(2,665,343)
Net Debt at 1 April 2009	(6,588,173)	(3,922,830)
Net Debt at 31 March 2010	(5,439,359)	(6,588,173)

20 Analysis of changes in Net Debt

	As at 01/04/2009	Cash Flows	Other Changes	As at 31/03/2010
Debt due within 1 year	(388,709)	449,134	(470,723)	(410,298)
Debt due after 1 year	(8,093,381)	-	470,723	(7,622,658)
Cash at bank and in hand	1,893,917	699,680	-	2,593,597
	(6,588,173)	1,148,814	-	(5,439,359)

21 Housing Stock

	2010 No.	2009 No.
The number of units of accommodation owned and managed by the Association at the year end was		
General Needs Housing	1,681	1,663
Supported Housing	-	-
Shared Ownership	31	32
	1,712	1,695

No units owned by the Association are managed on behalf of the Association by another body.

22 Capital Commitments

	2010 £	2009 £
Expenditure contracted less certified	1,374,514	3,981,160
The proposed financing of capital commitments was		
	2010 £	2009 £
HAG funded	250,440	917,470
Other grant	-	219,759
Private finance	-	1,270,731
Sales receipts	1,124,074	1,573,200
	1,374,514	3,981,160

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2010

23 Pension Obligations

Partick Housing Association Limited participates in the SFHA Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

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

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%.

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2010

23 Pension Obligations (contd)

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Partick Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Partick Housing Association Limited was £7,110,446.

The SFHA Pension Scheme is a multi-employer defined benefit scheme. The Scheme offers three benefit structures to employers, namely:

Final salary with a 1/60th accrual rate.

Career average revalued earnings with a 1/60th accrual rate.

Career average revalued earnings with a 1/70th accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Partick Housing Association Limited has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2009 and the same benefit structure for any new entrants.

During the accounting period Partick Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were eleven active members of the Scheme employed by Partick Housing Association Limited. Partick Housing Association Limited continues to offer membership of the Scheme to its employees.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2010

23 Pension Obligations (contd)

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

2006 Valuation Assumptions	% p.a.
Investment return pre retirement	7.2
Investment return post retirement	4.9
Rate of salary increases	4.6
Rate of pension increases	
- Pension accrued pre 6 April 2005	2.6
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	2.6

Mortality Tables	
Non-pensioners	PA92C2025 short
Pensioners	PA92C2013 short

Contribution Rates for Future Service	%
Final salary 1/60ths	17.8
Career average revalued earnings 1/60ths	14.6
Career average revalued earnings 1/70ths	12.6
Additional rate for deficit contributions	5.3

PENSION OBLIGATIONS – GROWTH PLAN

Partick Housing Association Limited participates in The Pension Trust's Growth Plan. The Plan is funded and is not contracted-out of the state scheme. The Growth Plan is a multi-employer pension Plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Growth Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2010

23 Pension Obligations (contd)

The Trustee commissions an actuarial valuation of the Growth Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

Partick Housing Association Limited paid no contributions to the Growth Plan during the accounting period. One employee paid contributions at the rate of 6%. Partick Housing Association Limited continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 have now been completed and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29million, equivalent to a funding level of 96%.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2010

23 Pension Obligations (contd)

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	%
	Per annum
Investment return pre retirement	7.6
Investment return post retirement	
-actives/deferreds	5.1
-pensioners	5.6
Bonuses on accrued benefits	0.0
Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2009. The market value of the Plan's assets at that date was £765 million and the Plan's Technical Provisions (i.e. past service liabilities) were £820 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £55 million, equivalent to a funding level of 93%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post retirement (pensioners).

**PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2010**

23 Pension Obligations (contd)

A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009.

The next full actuarial valuation will be carried out as at 30 September 2011.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Partick Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2009. As of this date the estimated employer debt for Partick Housing Association Limited was £12,633.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
YEAR ENDED 31 MARCH 2010

24 Associated Company

The Association in conjunction with Whiteinch and Scotstoun Housing Association, formed Westworks Limited a company limited by Guarantee and registered in Scotland. The principal activity of the company is to provide opportunities for employment and to enhance the economic opportunities within the area served by the two associations.

The liability of the Association is limited to one pound.

During the year, Westworks Limited experienced financial difficulties resulting in the expected liquidation of the company during 2010/2011. As a result, £81,186 due from Westworks Limited was written off as bad debt expense during the year. At the year end, the balance due from Westworks Limited is £nil.

25 Related Party Transactions

Several members of the Committee of management are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

The Association advanced funds during the year to Partick DRK 2001 Limited, Partick Works Limited and Partick Homes Limited. At the year end £3,549,239 was due to the Association (notes 11 & 12).

£230,612 due from Partick DRK 2001 Limited was written off to bad debts during the year.

The following related party transactions took place during the year:

Name	Relationship	Transaction	Amount £	Balance due (to)/ from at 31/3/10 £
Partick DRK 2001 Limited	subsidiary	Funds repaid by Interest charged	(2,349,343) 23,299	53,366
Partick Works Limited	subsidiary	Funds repaid by Interest charged	639,928 78,158	3,932,014
Partick Homes Limited	subsidiary	Funds repaid by Gift Aid Payment	294,061 89,024	(436,141)

The comparatives for the previous year are:

Name	Relationship	Transaction	Amount £	Balance due (to)/ from at 31/3/09 £
Partick DRK 2001 Limited	subsidiary	Funds repaid by Interest charged	(367,994) 116,625	2,379,410
Partick Works Limited	subsidiary	Funds repaid by Interest charged	(188,399) 163,414	3,213,928
Partick Homes Limited	subsidiary	Funds repaid by Gift Aid Payment	(4,033) (42,908)	(819,226)