

PARTICK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

Financial Services Authority No. 1824 R (S)
Registered Housing Association No. HAL 168
Scottish Charity No. SC033751

FRENCH DUNCAN LLP
Chartered Accountants

Glasgow

PARTICK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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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 2011

CHAIRPERSON

Alastair Firth

VICE CHAIR

Carol Ballingall

SECRETARY

Philip Wong (appointed May 2010)
Margaret Halliday (resigned May 2010)

EXECUTIVE OFFICERS

Lynn Wassell	Chief Executive (appointed 31 January 2011)
Ruth Henderson	Chief Executive (resigned 30 September 2010)
Eamonn Hughes	Finance & Business Support Manager (appointed 17 June 2010)
Nick Ronan	Development Manager
Grant Saunders	Performance & Quality Manager
Lynne Donnelly	Customer Services Manager

REGISTERED OFFICE

10 Mansfield Street
Glasgow
G11 5QP

AUDITORS

FRENCH DUNCAN LLP
CHARTERED ACCOUNTANTS
375 WEST GEORGE STREET
GLASGOW
G2 4LW

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 2011

The Committee of Management present their report and audited financial statements for the year ended 31 March 2011.

Principal activity

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

Partick Housing Association Limited is registered with the Financial Services Authority as an Industrial and Provident Society, the Office of the Scottish Charity Regulator (OSCR) as a Charity and the Scottish Housing Regulator as a Registered Social Landlord.

Our Vision and Strategic Objectives

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 business strategy is one of growth and diversification while our 6 Critical Success Factors are noted below:

- Customer Delight and customer engagement across all service areas through improving the quality of our products and services
- Market Penetration by increasing:-
 - o Houses in ownership and in management
 - o Commercial and business units in ownership and in management
- Investment in our people and the retention of IIP Gold standard
- Retention and recruitment of talent
- Effective strategic partnerships with
 - o Glasgow City Council to deliver its housing investment objectives and support its homelessness protocol
 - o Our strategic maintenance partner
- Enhancing our financial capacity

The Association wishes to position itself as an organisation where:

- Our customers are at the heart of our business
- Our customers receive the highest possible quality of product and services at prices which are affordable and offer real value for money; placing us in a strong competitive position as a landlord of choice for the future
- Our business partnership with our lenders is sound and where their confidence in our management of our business ensures their continuing support
- Our investment in our people enables them to deliver challenging objectives
- Our flexible approach and proven track record enables us to deliver on behalf of our strategic partners; particularly in relation to homelessness, regeneration and new build opportunities
- Our sound governance can demonstrate our accountability to the Scottish Government in relation to any use of public funds and where our care of our charitable status is recognised by the appropriate regulators

The risk assessment relating to our corporate objectives includes the evaluation likelihood and impact of identified risks. Whilst the existing safeguards in place have been considered and other required strategies and actions have been identified. The actions and strategies are accompanied by appropriate timescales and responsibilities.

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011

Performance Management and Monitoring

Our priorities/objectives are:

1. Building a balanced and sustainable community
 - Increase the overall supply of housing for rent including wheelchair accessible homes
 - Improve the housing mix
 - Adapt homes to sustain present tenancies
 - Improve pride in the communal parts of the property
 - Encourage respect of tenancy conditions
 - Encourage resident participation in good neighbourliness
 - Offer support to residents struggling to sustain their tenancy
 - Develop IT to support funding decisions and performance
2. Improving housing standards in existing homes
 - Meet Quality Standard by 2015
 - Ensure owner participation
 - Develop Planned Maintenance module in QL
 - Re-procure/negotiate Strategic Maintenance Partnership
 - Ongoing commitment to modernisation
 - Improved common realm at GAP site
3. Create an attractive sustainable environment
 - Sustain quality of backcourt and garden maintenance contract
 - Continue to drive up standard
 - Improve the cleanliness of closes
 - Sustain quality of backcourt and garden maintenance service
4. Supporting economic regeneration
 - Maximise surplus income from workspaces
 - Assist in improvement of commercial space
 - Ensure 100% occupancy levels
 - Minimise debt levels
5. Supporting social regeneration
 - Ensure effective Customer Engagement during policy review periods
 - Establish working partnerships with 'can do' organisations
6. Business growth
 - Maximise participation in Wider Partick Area
 - Expand into new service areas
 - Assess resource requirements to expand service
 - To secure constitutional partner
7. Strategic partnerships
 - Make continuing use of external funding
 - Review aspirations to land bank locally and elsewhere
 - Need to join forces/share services with appropriate partners
 - Identify year on year improvements and added value in the delivery of the reactive maintenance service

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011

Financial Review

Accounting Policies

The Association's accounting policies are the UK Generally Accepted Accounting Principals. 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. During the year the Association adopted component accounting in full and the accounts for the year ended 31 March 2011 are prepared on a component accounting basis. As a result the opening reserves of the previous year are restated as if the accounting policy for component accounting had always applied and the adjustment required is recognised in the Statement of Total Recognised Surpluses and Deficits. The comparative figures for the year ended 31 March 2010 are restated to reflect the position as if component accounting had applied in that year.

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 negative (more cash spent than generated) by £1,317,343. This was the effect of development construction spend of £4,257,441 and loan repayments of £742,835 offset by loan finance received of £1,500,000 and net cash inflow from operating activities of £2,386,059.

Net debt increased in the year by £2,074,508 to £7,513,867 due to the decrease in cash of £1,317,343 and loan finance received of £1,500,000 offset by loan repayments of £742,835. As a result of low interest rates during the year, interest paid reduced by £36,976 to £147,606 and interest received reduced by £20,131 to £85,101.

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

Turnover increased in the year by £3,690,922 to £8,548,404 due to sale of units to Whiteinch & Scotstoun Housing Association and sale of shared equity units amounting to £3,382,735. Gross income from rent and service charges increased in the year by 7.6% to £4,946,585 and voids amounted to £24,079 (i.e. 0.5% of gross income).

Operating Costs

Operating costs increased in the year by 15.4% to £4,213,911 with housing depreciation accounting for £1,073,504 of this. During the year staff costs increased by 3.9% to £1,062,052 and reactive maintenance costs increased by 0.8% to £775,731.

Interest Covenants

Including the gain on sale of housing accommodation the Association's interest cover was 729% (2010 - 801%).

Balance Sheet

The net worth of the Association increased in the year by £927,954 to £12,473,795 represented by revenue reserves of £12,473,555 (over 6 months of operating costs in line with policy) and issued share capital of £240.

PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF COMMITTEE OF MANAGEMENT
31 MARCH 2011

Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 14. The surplus for the year of £927,942 (2010 - £1,294,329) has been dealt with as follows:

	£	£
Surplus for the year		927,942
Transfers from/(to) designated reserves:		
Planned maintenance reserve	637,055	
Major repairs reserve	<u>3,318,901</u>	
		<u>3,955,956</u>
Transfer to revenue reserve		<u>4,883,898</u>

Members of Committee of Management

The Members of the Committee of the Association during the year to 31 March 2011 were as follows:

Alistair Firth (Chairperson)
Carol Ballingall (Vice Chairperson)
Philip Wong (Secretary)
Annette Bonar
Margaret Burke
Catherine Dowling
Cheryl Osborne
Martin Dunbar (appointed 21 September 2010)
Leslie Milne (appointed 21 September 2010)
Farahnaz Traquair (appointed 21 September 2010)
Margaret Halliday (resigned 26 May 2010)
Kenneth MacDonald (resigned 21 September 2010)
Neil Phillips (resigned 21 September 2010)
David Quick (resigned 28 September 2010)
John Gilbertson (resigned 2 November 2010)
Paul Robertson (Co-optee) (appointed 26 January 2011)

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 2011

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 2011

Operational Review

Services (cont.)

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 2011****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 £7.59m to £12.47m (see note 16).

PARTICK HOUSING ASSOCIATION LIMITED**REPORT OF COMMITTEE OF MANAGEMENT****31 MARCH 2011****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 five properties under right to buy in the year, thereby allowing some tenants to achieve their aspiration of becoming home owners.

Developments

During 2010-11 the Association completed a 44 unit new build development at Byron Street, delivering 13 units for social rent, 17 shared equity units and 14 units for social rent for Whiteinch and Scotstoun Housing Association. Eight of the shared equity units were sold and two were reserved by the end of March 2011.

Future developments

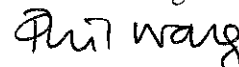
The Association achieved funding approval and planning consent for a new build development at Ferry Road. Due to start on site early in 2011-12 this project will deliver 43 social rented units, 22 shared equity units and 22 mid market rent units.

The Association completed the acquisition of a site at Broomhill Drive from City Property LLP. The former school will be demolished early in 2011-12 and proposals developed for a new build sustainable community project to be provided on the site.

Auditors

French Duncan LLP were appointed as auditors during the year and a resolution to reappoint French Duncan LLP, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

On behalf of the Committee of Management



P Wong : Secretary

Date: 31 August 2011

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

Under the legislation relating to Industrial and Provident Societies we are required 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:

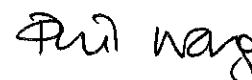
- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial 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: 31 August 2011

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

31 MARCH 2011

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:-

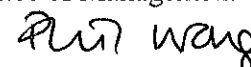
- The reliability of financial information used within the Association or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

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 2011. 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: 31 August 2011

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 11 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 11 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.

Date: ...7.....September 2011

French Duncan LLP
French Duncan LLP
Registered Auditors
Chartered Accountants
375 West George Street
Glasgow
G2 4LW

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

We have audited the financial statements of Partick Housing Association Limited for the year ended 31 March 2011 set out on pages 14 to 38.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 the Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 10, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011, because the business of the Association and that of its subsidiaries are so different they cannot be treated as a single undertaking.

Opinion on financial statements

In our opinion the financial statements:


- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Date: 7 September 2011


 French Duncan LLP
 Registered Auditors
 Chartered Accountants
 375 West George Street
 Glasgow
 G2 4LW

PARTICK HOUSING ASSOCIATION LIMITED
INCOME & EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2011

	<u>Notes</u>	2011 £	2010 (restated) £
Turnover	2	8,548,404	4,857,482
Cost of Sales	2	(3,382,735)	-
Operating Costs	2	<u>(4,213,911)</u>	<u>(3,653,119)</u>
Operating Surplus	6	951,758	1,204,363
Gain on sale of housing accommodation		38,689	169,316
Interest Receivable and other income		85,101	105,232
Interest Payable	7	<u>(147,606)</u>	<u>(184,582)</u>
TOTAL SURPLUS FOR THE YEAR BEFORE TAXATION		927,942	1,294,329
Taxation on surplus on ordinary activities	8	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR		<u><u>927,942</u></u>	<u><u>1,294,329</u></u>

The results for 2010 and 2011 relate wholly to continuing activities.

PARTICK HOUSING ASSOCIATION LIMITED
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
YEAR ENDED 31 MARCH 2011

	2011	2010
	£	£
Surplus for the year	927,942	1,294,329
Prior year adjustment	-	4,002,213
Total surpluses and deficits recognised since last reporting period	<u>927,942</u>	<u>5,296,542</u>

PARTICK HOUSING ASSOCIATION LIMITED
BALANCE SHEET AS AT 31 MARCH 2011

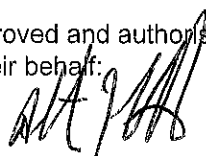

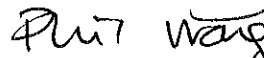
	<u>Notes</u>	2011 £	2010 (restated) £
<u>Tangible fixed assets</u>			
Housing properties less depreciation	9(a)	96,166,207	93,235,832
Less: Social Housing & other grants		<u>(80,967,235)</u>	<u>(81,448,530)</u>
		<u>15,198,972</u>	<u>11,787,302</u>
Shared Equity Loan	881,456		427,826
Shared Equity Grant	<u>(881,456)</u>		<u>(427,826)</u>
		-	-
Other	9(b)	<u>227,751</u>	<u>329,079</u>
Investments	9(c)	<u>15,426,723</u> 4	<u>12,116,381</u> 4
		<u>15,426,727</u>	<u>12,116,385</u>
<u>Current Assets</u>			
Stock	10	1,111,501	1,459,563
Debtors	11	4,410,506	4,386,014
Cash at bank and in hand		<u>1,276,254</u>	<u>2,593,597</u>
		6,798,261	8,439,174
<u>Current liabilities</u>			
Creditors due within one year	12	<u>(1,569,548)</u>	<u>(1,387,060)</u>
<u>Net Current Assets</u>		<u>5,228,713</u>	<u>7,052,114</u>
<u>Total assets less current liabilities</u>		20,655,440	19,168,499
Creditors: amounts falling due after one year	13	<u>(8,181,645)</u>	<u>(7,622,658)</u>
<u>Net assets</u>		<u>12,473,795</u>	<u>11,545,841</u>
<u>Capital and Reserves</u>			
Called up Share Capital	14	240	244
Designated Reserves	15	-	3,955,956
Revenue Reserves	16	<u>12,473,555</u>	<u>7,589,641</u>
		<u>12,473,795</u>	<u>11,545,841</u>

These financial statements were approved and authorised for issue by the Committee of Management on 31 August 2011 and signed on their behalf:

Committee member A Firth

Committee member C Osborne

Secretary P Wong

PARTICK HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR TO 31 MARCH 2011

	Notes	2011 £	2010 (restated) £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	<u>2,386,059</u>	<u>1,959,288</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		85,101	105,232
Interest paid		<u>(147,606)</u>	<u>(184,582)</u>
		<u>(62,505)</u>	<u>(79,350)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		<u>2,323,554</u>	<u>1,879,938</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		(4,257,441)	(3,006,249)
Cash paid for purchase of other fixed assets		(36,379)	(68,457)
Social housing grant received		(177,188)	2,171,278
Proceeds on disposal of housing properties		72,934	172,296
		<u>(4,398,074)</u>	<u>(731,132)</u>
NET CASH (OUTFLOW)/INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		<u>(2,074,520)</u>	<u>1,148,806</u>
FINANCING			
Loan finance received		1,500,000	-
Loans repaid		(742,835)	(449,134)
Shares issued		12	8
		<u>757,177</u>	<u>(449,126)</u>
(DECREASE)/INCREASE IN CASH	18	<u>(1,317,343)</u>	<u>699,680</u>

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

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 Shared Equity 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 2011

(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. No depreciation is charged on the cost of land. The Association depreciates housing properties by major component on a straight line basis over the estimated useful lives of each identified component. All components are categorised as Housing Properties in note 9(a).

Component	Useful Economic Life
Kitchen	15 years
Central Heating System	15 years
Bathroom	25 years
Windows	30 years
Structure	50 years

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(h) **Depreciation (cont.)**

(ii) **Other fixed assets**

Other fixed assets are stated at cost of purchase or construction less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets as follows:

Office Premises	-	50years
Office Furniture & Equipment	-	4 years

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.

(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 defined benefits Scottish Housing Associations' 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 to the independently administered Pensions Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations and companies taken as a whole.

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(m) **Pensions (cont.)**

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.

(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 Shared Equity units is stated at cost, less grants.

Shared Equity is a 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. Shared Equity 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) **Shared Equity sales**

Shared Equity 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 Shared Equity asset.

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

	Note	Turnover £	Operating costs £	2011 Operating Surplus/ (Deficit) £	2010 Operating Surplus/ (Deficit) (restated) £
Social lettings	3(a)	5,006,839	4,185,976	820,863	1,349,531
Other activities	3(b)	3,541,565	3,410,670	130,895	(145,168)
Total		<u>8,548,404</u>	<u>7,596,646</u>	<u>951,758</u>	<u>1,204,363</u>
2010		<u>4,857,482</u>	<u>3,653,119</u>	<u>1,204,363</u>	

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

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 £	2011 Total £	2010 Total (restated) £
Rent receivable net of service charges	4,773,076	-	48,222	-	4,821,298	4,480,067
Service charges	125,287	-	-	-	125,287	118,819
Gross income from rents and service charges	4,898,363	-	48,222	-	4,946,585	4,598,886
Less voids	(24,079)	-	-	-	(24,079)	(23,233)
Net income from rents and service charges	4,874,284	-	48,222	-	4,922,506	4,575,653
Grants from the Scottish Ministers	84,333	-	-	-	84,333	92,155
Other revenue grants	-	-	-	-	-	-
Total turnover from social letting activities	4,958,617	-	48,222	-	5,006,839	4,667,808
Management and maintenance administration costs	1,739,488	-	17,574	-	1,757,062	1,536,577
Service costs	127,147	-	-	-	127,147	116,531
Planned and cyclical maintenance including major repairs costs	396,876	-	-	-	396,876	437,699
Reactive maintenance costs	775,731	-	-	-	775,731	769,428
Bad debts - rents and service charges	55,656	-	-	-	55,656	30,285
Depreciation of social housing	1,073,504	-	-	-	1,073,504	427,757
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	4,168,402	-	17,574	-	4,185,976	3,318,277
Operating surplus or deficit for social lettings	790,215	-	30,648	-	820,863	1,349,531
Operating surplus or deficit for social letting for 2010	1,317,463	-	32,068	-	1,349,531	-

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £ Nil (2010 - £ Nil)

The total amount of major repairs expenditure incurred in the year was £396,876 (2010 - £437,699).

Capitalised works to existing properties included in fixed asset additions totalled £2,793,535 (2010 - £2,216,252).

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

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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 £	2011 Operating surplus or deficit £	2010 Operating surplus or deficit £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	19,766	-	-	-	19,766	-	19,737	29	(267)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	2,606	-	-	-	2,606	(6,137)	14,335	(5,592)	(163,166)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	101	101	-	-	101	(70,759)
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities - Gift Aid	-	-	-	136,357	136,357	-	-	136,357	89,024
Other activities - WSHA Sales	1,575,146	-	-	654,179	2,229,325	-	2,229,325	-	-
Other activities - Shared Equity Sales	453,630	-	-	699,780	1,153,410	-	1,153,410	-	-
Total from other activities	2,051,148	-	-	1,490,417	3,541,565	(6,137)	3,416,807	130,895	(145,168)
Total from other activities for 2010	96,774	-	-	92,900	189,674	305,247	29,595	(145,168)	

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2011

4 Employees

	2011	2010
	Number	Number
The average weekly number of persons employed during the year was	<u>32</u>	<u>29</u>
The average full time equivalent number of persons employed during the year was	<u>29</u>	<u>26</u>
Comprising:		
Staff employed by Partick Housing Association:		
The average weekly number of persons employed during the year was	<u>9</u>	<u>10</u>
The average full time equivalent number of persons employed during the year was	<u>9</u>	<u>10</u>
Staff not directly employed by Partick Housing Association:		
The average weekly number of persons employed during the year was	<u>23</u>	<u>19</u>
The average full time equivalent number of persons employed during the year was	<u>20</u>	<u>16</u>
Staff Costs:	2011	2010
	£	£
Wages & Salaries	854,635	825,953
National Insurance Contributions	68,578	64,233
Pension Contributions	108,720	106,973
	<u>1,031,933</u>	<u>997,159</u>
Agency employment costs	<u>30,119</u>	<u>24,851</u>
Comprising:		
Staff employed by Partick Housing Association:		
Wages & Salaries	316,244	343,417
National Insurance Contributions	26,799	28,541
Pension Contributions	40,174	44,485
	<u>383,217</u>	<u>416,443</u>
Staff not directly employed by Partick Housing Association:		
Wages & Salaries	538,391	482,536
National Insurance Contributions	41,779	35,692
Pension Contributions	68,546	62,488
	<u>648,716</u>	<u>580,716</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.

	2011	2010
	£	£
Total Emoluments (including pension contributions and benefits in kind)	<u>52,851</u>	<u>137,440</u>
Emoluments of highest paid Director (excluding pension contributions)	<u>34,911</u>	<u>64,458</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 the Chief Executive has no other pension arrangements to which the Association contribute. The Association's contributions for the Chief Executive in the year amounted to £6,766 (2010 - £9,869).

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

	No. of	No. of
	directors	directors
£50,001 - £60,000	-	1
£60,001 - £70,000	-	1

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2011

6 <u>Operating surplus</u>	2011	2010 (restated)
	£	£
Operating surplus is stated after charging:-		
Depreciation	595,355	507,450
Auditors Remuneration - Audit Services	12,800	12,800
Other Services	-	3,304
Impairment	<u>531,066</u>	<u>-</u>

An impairment review was carried out on housing land and buildings during the year. As a result of this an impairment charge of £531,066 has been recognised and is included within depreciation charges.

This impairment charge has resulted in reduction of surplus and the carrying amount of housing properties by the amount of the charge.

7 <u>Interest Payable</u>	2011	2010
	£	£
On Bank Loans and Overdraft	99,460	125,916
On other loans - The Scottish Government	<u>48,146</u>	<u>58,666</u>
	147,606	184,582
Less: Interest Capitalised	<u>-</u>	<u>-</u>
	<u>147,606</u>	<u>184,582</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 2011

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 01.04.10 (restated)	86,763,721	6,243,776	529,731	1,923,985	95,461,213
Additions	2,893,394	3,309,660	-	-	6,203,054
Transfer to current assets	-	(1,945,613)	-	-	(1,945,613)
Transfers	2,603,483	(2,435,649)	(57,008)	-	110,826
Disposals	(311,415)	-	(26,937)	-	(338,352)
At 31.03.11	91,949,183	5,172,174	445,786	1,923,985	99,491,128
<u>HAGs, other grants and other receipts</u>					
At 01.04.10 (restated)	74,317,912	4,929,751	443,787	1,757,080	81,448,530
Additions	17,864	790,440	-	-	808,304
Transfer to current assets	-	(939,717)	-	-	(939,717)
Transfers	1,646,799	(1,595,424)	(51,375)	-	-
Amortisation of revenue HAG	(45,775)	-	-	-	(45,775)
Repaid, abated and disposed of during year	(281,836)	-	(22,271)	-	(304,107)
At 31.03.11	75,654,964	3,185,050	370,141	1,757,080	80,967,235
<u>Depreciation</u>					
At 01.04.10 (restated)	2,192,510	-	-	32,871	2,225,381
Transfers	26,036	-	-	-	26,036
Disposals	-	-	-	-	-
Charge for year	542,438	-	-	-	542,438
Impairment	-	531,066	-	-	531,066
At 31.03.11	2,760,984	531,066	-	32,871	3,324,921
<u>Net Book Value</u>					
At 31.03.11	13,533,235	1,456,058	75,645	134,034	15,198,973
At 31.03.10 (restated)	10,253,299	1,314,025	85,944	134,034	11,787,302

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

9(b) Tangible Fixed Assets

	Office Premises £	Office Furniture & Equipment £	Total £
<u>Cost/Valuation</u>			
At 01.04.10	327,335	790,183	1,117,518
Additions	-	36,379	36,379
Transfers	(110,826)	-	(110,826)
Disposals	-	(108,294)	(108,294)
At 31.03.11	<u>216,509</u>	<u>718,268</u>	<u>934,777</u>
<u>Depreciation</u>			
At 01.04.10	77,380	711,059	788,439
Charge for year	4,331	48,586	52,917
Transfers	(26,036)	-	(26,036)
Disposals	-	(108,294)	(108,294)
At 31.03.11	<u>55,675</u>	<u>651,351</u>	<u>707,026</u>
<u>Net Book Value</u>			
At 31.03.11	<u>160,834</u>	<u>66,917</u>	<u>227,751</u>
At 31.03.10	<u>249,955</u>	<u>79,124</u>	<u>329,079</u>

	2011 £	2010 £
9(c) <u>Investments</u>		
Unlisted security	<u>4</u>	<u>4</u>

There are two subsidiaries, Partick Works Ltd and Partick Homes Ltd, in which the Association holds 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 for year £	Activity
Partick Works Ltd	(518,061)	483,822	3,157	Rental of commercial properties and development of real estate
Partick Homes Ltd	18,955	743,048	2,402	Factoring
Partick DRK 2001 Ltd	(499,051)	60,000	5,600	Development of real estate

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2011

10 Stock	2011	2010
	£	£
New build development costs	2,410,772	3,847,894
Less: Grant received	(1,299,271)	(2,388,331)
	<u>1,111,501</u>	<u>1,459,563</u>

11 Debtors receivable within one year	2011	2010
	£	£
Gross arrears of rent and service charges	276,318	243,686
Less: Bad debt provision	(69,297)	(51,812)
Net arrears of rent and service charges	207,021	191,874
Development funding receivable	141,899	-
Other debtors	3,871,720	3,993,991
Prepayments and accrued income	189,866	200,149
	<u>4,410,506</u>	<u>4,386,014</u>

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

Partick DRK 2001 Ltd	72,451	53,366
Partick Works Ltd	3,782,989	3,932,014
	<u>3,855,440</u>	<u>3,985,380</u>

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

12 Creditors due within one year	2011	2010
	£	£
Housing loans	608,476	410,298
Taxation and social security costs	13,120	-
Rent in advance	187,248	194,581
Partick Homes Ltd	44,287	436,141
Accruals and deferred income	477,244	245,934
The Scottish Government	128,447	-
Other creditors	110,726	100,106
	<u>1,569,548</u>	<u>1,387,060</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:

	2011	2010
	£	£
- between one and two years	632,970	5,434,395
- between two and five years	1,767,663	1,364,652
- in five years or more	5,781,012	823,611
	<u>8,181,645</u>	<u>7,622,658</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2011

14 <u>Share Capital</u>	2011	2010
	£	£
Shares of £1 each fully paid and issued		
Allotted, issued & fully paid at 01/04/10	244	258
Shares issued during year	12	8
Shares forfeited during year	(16)	(22)
As at 31/03/11	<u>240</u>	<u>244</u>

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 2011, shares issued were split as follows:

	2011	2010
	No.	No.
Active members	240	244
Ceased members	-	-
	<u>240</u>	<u>244</u>

15 Designated Reserves

	Planned Maintenance Reserve	Major Repairs Reserve	Total
	£	£	£
Balance at 01/04/10	637,055	3,318,901	3,955,956
Transfer to revenue reserve	(637,055)	(3,318,901)	(3,955,956)
Balance at 31/03/11	<u>-</u>	<u>-</u>	<u>-</u>

16 Revenue Reserves

	2011	2010
	£	(restated) £
Revenue reserves at 01/04/10	7,589,641	6,457,706
Surplus for year	927,942	1,294,329
Transfer from/(to) designated reserves	3,955,956	(162,416)
Shares forfeited in year	18	22
Revenue reserves at 31/03/11	<u>12,473,555</u>	<u>7,589,641</u>

**17 Reconciliation of Operating Surplus to Net Cash
Inflow From Operating Activities**

	2011	2010
	£	(restated) £
Operating surplus for the year	951,758	1,204,363
Depreciation	595,355	507,450
Impairment	531,066	-
Decrease/(increase) in stock	348,062	(955,251)
(Increase)/decrease in debtors	(24,492)	1,701,807
(Decrease) in creditors	(15,690)	(499,081)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>2,386,059</u>	<u>1,959,288</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2011

18 Reconciliation of Net Cashflow to Movement in Net Debt

	2011 £	2010 £
Increase/(decrease) in cash in year	(1,317,343)	699,680
Cash inflow from financing	(1,500,000)	-
Cash outflow to liquid resources	742,835	449,134
Change in net debt	(2,074,508)	1,148,814
Net Debt at 1 April 2010	(5,439,359)	(6,588,173)
Net Debt at 31 March 2011	(7,513,867)	(5,439,359)

19 Analysis of changes in Net Debt

	As at 01/04/2010	Cash Flows	Other Changes	As at 31/03/2011
Debt due within 1 year	(410,298)	742,835	(941,013)	(608,476)
Debt due after 1 year	(7,622,658)	(1,500,000)	941,013	(8,181,645)
Cash at bank and in hand	2,593,597	(1,317,343)	-	1,276,254
	(5,439,359)	(2,074,508)	-	(7,513,867)

20 Housing Stock

	2011 No.	2010 No.
The number of units of accommodation owned and managed by the Association at the year end was		
General Needs Housing	1,701	1,681
Supported Housing	-	-
Shared Ownership	28	31
	1,729	1,712

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

21 Capital Commitments

	2011 £	2010 £
Expenditure contracted less certified	9,995,996	1,374,514
The proposed financing of capital commitments was		
	2011 £	2010 £
HAG funded	3,595,027	250,440
Other grant	-	-
Private finance	4,324,969	-
Sales receipts	2,076,000	1,124,074
	9,995,996	1,374,514

**PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2011**

22 Pension Obligations

Partick Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme').

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

The Scheme offers five 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.

Career average revalued earnings with a 1/80th accrual rate.

Career average revalued earnings with a 1/120th accrual rate, contracted in.

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 operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2010 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2010.

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 thirteen 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.

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.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2011

22 Pension Obligations (Cont.)

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement - Non-pensioners	4.6
Investment return post retirement - Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

Mortality Tables	
Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions*	10.4

**PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2011**

22 Pension Obligations (Cont.)

(* Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.)

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.

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 Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for Partick Housing Association Limited was £7,389,581.

PENSION OBLIGATIONS – GROWTH PLAN

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

Contributions paid into the 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 Plan or by the purchase of an annuity.

The rules of the 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 2011**

22 Pension Obligations (Cont.)

The Trustee commissions an actuarial valuation of the 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 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 Plan state that the proportion of obligatory contributions to be borne by the member and the 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 Plan during the accounting period. One employee paid contributions at the rate of 6% during the accounting period. 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 on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. 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 were completed in 2009 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 2011

22 Pension Obligations (Cont.)

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

	% p.a.
Rate of return pre retirement	7.6
Rate of return post retirement:	
Active/Deferred	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 2010. The market value of the Plan's assets at that date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £825 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £45 million, equivalent to a funding level of 95%.

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 2011

22 Pension Obligations (Cont.)

The Pensions 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, as is required by legislation.

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 2010. As of this date the estimated employer debt for Partick Housing Association Limited was £13,260.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED 31 MARCH 2011

23 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.

Westworks Limited experienced financial difficulties during 2009/2010. As a result, Westworks Limited was put into liquidation during the year.

24 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 £3,811,153 was due to the Association (notes 11 & 12).

The following related party transactions took place during the year:

Name	Relationship	Transaction	Amount £	Balance due (to)/ from at 31/3/11 £
Partick DRK 2001 Limited	subsidiary	Funds repaid by	19,085	72,451
Partick Works Limited	subsidiary	Funds repaid by Interest charged	(225,218) 76,193	3,782,989
Partick Homes Limited	subsidiary	Funds repaid by Gift Aid Payment	280,854 111,000	(44,287)

The comparatives for the previous year are:

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)

25 Prior Year Adjustment

During the year the Association adopted component accounting, this resulted in a restatement of previous years' results whereby costs which had previously been written off to major repairs were capitalised as a component of the property and depreciated over their useful lives. Grants which had also been credited to revenue were also capitalised. The 2010 surplus was increased by £744,970 and similarly Housing Assets were increased by the same amount. The total adjustment comprised the seven years to 31 March 2010 and an increase to reserves and assets of £4,747,183.