

**PARTICK HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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

**FRENCH DUNCAN LLP**  
**Statutory Auditor**  
**Glasgow**

**PARTICK HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

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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 2012****CHAIRPERSON**

Alastair Firth

**VICE CHAIR**

Cheryl Osborne

**SECRETARY**

Phillip Wong

**EXECUTIVE OFFICERS**

Lynn Wassell	Chief Executive
Eamonn Hughes	Finance & Business Support Manager
Nick Ronan	Development Manager
Grant Saunders	Performance & Quality Manager
Lynne Donnelly	Strategic Customer Services Manager

**REGISTERED OFFICE**

10 Mansfield Street  
Glasgow  
G11 5QP

**AUDITORS**

FRENCH DUNCAN LLP  
STATUTORY AUDITOR  
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 2012**

The Committee of Management present their report and audited financial statements for the year ended 31 March 2012.

**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 2012**

**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 2012**

**Financial Review**

**Accounting Policies**

The Association's accounting policies comply with UK Generally Accepted Accounting Principles. 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.

**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 £68,366. This was the effect of net cash inflow from operating activities of £3,750,625, social housing grant received of £3,609,510 and loan finance received of £2,700,000 offset by development construction spend of £6,234,546 and loan repayments of £3,458,793.

Net debt decreased in the year by £827,159 to £6,686,708 due to the increase in cash of £68,366 and loan repayments of £3,458,793 offset by loan finance received of £2,700,000.

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**

Total turnover decreased in the year by £2,239,042 to £6,309,362 due to shared equity and other sales decreasing by £2,417,357. Gross income from rent and service charges increased in the year by 6.5% to £5,270,131 and voids amounted to £32,207 (i.e. 0.6% of gross income).

**Operating Costs**

Operating costs increased in the year by 2.8% to £4,331,917 with increased staff costs and reactive maintenance costs accounting for this.

**Interest Covenants**

Including the loss on sale of housing accommodation the Association's interest cover was 398% (2011 - 729%).

**Balance Sheet**

The net worth of the Association increased in the year by £808,985 to £13,282,780 represented by revenue reserves of £13,282,549 (over 6 months of operating costs in line with policy) and issued share capital of £231.

**PARTICK HOUSING ASSOCIATION LIMITED**  
**REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2012**

**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 £808,994 (2011 - £927,942) has been transferred to revenue reserves.

**Members of Committee of Management**

The Members of the Committee of the Association during the year to 31 March 2012 were as follows:

Alistair Firth (Chairperson)  
Cheryl Osborne (Vice Chairperson)  
Phillip Wong (Secretary)  
Carol Ballingall  
Annette Bonar  
Margaret Burke  
Catherine Dowling  
Leslie Milne  
Paul Robertson  
Farahnaz Traquair  
Martin Dunbar (resigned 30 November 2011)  
Annette Scambler (Co-optee) (appointed 21 March 2012)

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 2012

### 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 Limited	Provision of rented accommodation
Partick Works Limited	Rental of commercial properties and development of real estate
Partick Homes Limited	Factoring
Partick DRK 2001 Limited	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 Limited.

#### 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 2012**

### **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;
- clarification of the responsibility of management to implement the Committee's policies and to identify and evaluate risks for their consideration;
- communication that employees have responsibility for internal control as part of their accountability for achieving objectives;
- embedding the control system in the Association's operations so that it becomes part of the culture of the Association;
- developing systems to respond quickly to evolving risks arising from factors within the Association to changes in the external environment; and
- including 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 2012**

#### **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 £12.47m to £13.28m (see note 16).

# **PARTICK HOUSING ASSOCIATION LIMITED**

## **REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2012**

### **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.

### **Developments**

In June 2011 the Association started a £14.2 million new build development at Ferry Road. Due off site in May 2013, this project will deliver 43 social rented units, 22 shared equity units and 22 mid market rent units.

In October 2011 work started on the overladding and refurbishment of 42 Association flats and 11 owner occupied flats at Fortrose House. This £2.6 million project is due to finish in November 2012.

### **Future developments**

The Association purchased a site at Broomhill Drive during 2010/2011. The planning application for this site is due to be submitted in 2012/2013 and includes 14 houses for rent, 18 flats for mid market rent and a supported accommodation facility.

### **Auditors**

A resolution to reappoint French Duncan LLP, Statutory Auditor, as auditors will be put to the members at the annual general meeting.

On behalf of the Committee of Management

*Pui Wong*

P Wong : Secretary

Date:

*29. AUG. 12*

**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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the 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

*Phil Wang*

P Wong : Secretary

Date:

*29. AUG. 12*

**PARTICK HOUSING ASSOCIATION LIMITED**

**COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL**

**FINANCIAL CONTROL**

**31 MARCH 2012**

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 2012. 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

*Pw! wang*

P Wong : Secretary

Date:

29. AUG. 12

**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.



French Duncan LLP  
Statutory Auditor  
375 West George Street  
Glasgow  
G2 4LW

Date: 14 September 2012

**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 2012 set out on pages 14 to 37.

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 opinions 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 is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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](http://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 2012, 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 2012 and of its income and expenditure for the year then ended; and
- have been properly 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.

*French Duncan LLP*

French Duncan LLP  
Statutory Auditor  
375 West George Street  
Glasgow  
G2 4LW

Date: 14 September 2012

**PARTICK HOUSING ASSOCIATION LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	<u>Notes</u>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
TURNOVER	2	6,309,362	8,548,404
Cost of sales	2	(965,378)	(3,382,735)
Operating costs	2	<u>(4,331,917)</u>	<u>(4,213,911)</u>
OPERATING SURPLUS	6	1,012,067	951,758
(Loss)/gain on sale of housing accommodation		(19,110)	38,689
Interest receivable and other income		87,093	85,101
Interest payable	7	<u>(271,056)</u>	<u>(147,606)</u>
SURPLUS FOR THE YEAR		<u>808,994</u>	<u>927,942</u>

All amounts relate to continuing activities.

There were no recognised surpluses and deficits for 2012 and 2011 other than those included in the Income and Expenditure Account.



**PARTICK HOUSING ASSOCIATION LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2012**

	<u>Notes</u>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties less depreciation		101,440,236	96,166,207
Less: Social Housing & other grants	9(a)	<u>(84,538,844)</u>	<u>(80,967,235)</u>
	9(a)	<u>16,901,392</u>	<u>15,198,972</u>
Shared Equity Loan		1,270,735	881,456
Shared Equity Grant		<u>(1,270,735)</u>	<u>(881,456)</u>
		-	-
Other	9(b)	<u>342,657</u>	<u>227,751</u>
		17,244,049	15,426,723
Investments	9(c)	<u>4</u>	<u>4</u>
		<u>17,244,053</u>	<u>15,426,727</u>
<b>CURRENT ASSETS</b>			
Stock	10	794,213	1,111,501
Debtors	11	3,866,767	4,410,506
Cash at bank and in hand		<u>1,344,620</u>	<u>1,276,254</u>
		6,005,600	6,798,261
<b>CURRENT LIABILITIES</b>			
Creditors due within one year	12	<u>(2,555,034)</u>	<u>(1,569,548)</u>
<b>NET CURRENT ASSETS</b>		<u>3,450,566</u>	<u>5,228,713</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		20,694,619	20,655,440
Creditors: amounts falling due after one year	13	<u>(7,411,839)</u>	<u>(8,181,645)</u>
<b>NET ASSETS</b>		<u>13,282,780</u>	<u>12,473,795</u>
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	14	231	240
Revenue Reserves	15	<u>13,282,549</u>	<u>12,473,555</u>
		<u>13,282,780</u>	<u>12,473,795</u>

These financial statements were approved and authorised for issue by the Committee of Management on **29 AUGUST 2012** and signed on their behalf:

Committee member

Committee member

Secretary

29. AUG. 12

**PARTICK HOUSING ASSOCIATION LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	2012	2011
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	<u>3,750,625</u>	<u>2,386,059</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		87,093	85,101
Interest paid		<u>(271,056)</u>	<u>(147,606)</u>
		<u>(183,963)</u>	<u>(62,505)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		<u>3,566,662</u>	<u>2,323,554</u>
CAPITAL EXPENDITURE			
The cash paid for development, construction and purchasing of housing		(6,234,546)	(4,257,441)
The cash paid for purchase of other fixed assets		(158,812)	(36,379)
Social housing grant received		3,609,510	(177,188)
Proceeds on disposal of housing properties		44,339	72,934
		<u>(2,739,509)</u>	<u>(4,398,074)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>827,153</u>	<u>(2,074,520)</u>
FINANCING			
Loan finance received		2,700,000	1,500,000
Loans repaid		(3,458,793)	(742,835)
Shares issued		6	12
		<u>(758,787)</u>	<u>757,177</u>
INCREASE/(DECREASE) IN CASH	17	<u>68,366</u>	<u>(1,317,343)</u>

**PARTICK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

**1. Accounting Policies**

**(a) Introduction and accounting basis**

The principal accounting policies of the Association are set out in the paragraphs (b) to (r) 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 Housing Providers 2010 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**

**FOR THE YEAR ENDED 31 MARCH 2012**

**(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; and
- (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).

<b>Component</b>	<b>Useful Economic Life</b>
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

### FOR THE YEAR ENDED 31 MARCH 2012

(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	-	50 years
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) **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.

(k) **Lease obligations**

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

(l) **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.

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.

(m) **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.

(n) **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.

# **PARTICK HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2012**

**(o) 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.

**(p) 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.

**(q) 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.

**(r) 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.

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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

	<b>Note</b>	<b>Turnover</b>	<b>Cost of sales</b>	<b>Operating costs</b>	<b>2012 Operating Surplus/ (Deficit)</b>	<b>2011 Operating Surplus/ (Deficit)</b>
		£	£	£	£	£
Social lettings	3(a)	5,321,119	-	4,042,744	1,278,375	820,863
Other activities	3(b)	988,243	965,378	289,173	(266,308)	130,895
<b>Total</b>		<b>6,309,362</b>	<b>965,378</b>	<b>4,331,917</b>	<b>1,012,067</b>	<b>951,758</b>
<b>2011</b>		<b>8,548,404</b>	<b>3,382,735</b>	<b>4,213,911</b>	<b>951,758</b>	

PARTICK HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012

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**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 £	2012 Total £	2011 Total £
Rent receivable net of service charges	5,094,462	-	45,743	-	5,140,205	4,821,298
Service charges	129,926	-	-	-	129,926	125,287
Gross income from rents and service charges	5,224,388	-	45,743	-	5,270,131	4,946,585
Less voids	(32,207)	-	-	-	(32,207)	(24,079)
Net income from rents and service charges	5,192,181	-	45,743	-	5,237,924	4,922,506
Grants from the Scottish Ministers	83,195	-	-	-	83,195	84,333
Other revenue grants	-	-	-	-	-	-
Total turnover from social letting activities	5,275,376	-	45,743	-	5,321,119	5,006,839
Management and maintenance administration costs	1,882,825	-	16,906	-	1,899,731	1,757,062
Service costs	114,679	-	-	-	114,679	127,147
Planned and cyclical maintenance including major repairs costs	452,965	-	-	-	452,965	396,876
Reactive maintenance costs	877,322	-	-	-	877,322	775,731
Bad debts - rents and service charges	55,341	-	-	-	55,341	55,656
Depreciation of social housing	642,706	-	-	-	642,706	1,073,504
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	4,025,838	-	16,906	-	4,042,744	4,185,976
Operating surplus or deficit for social lettings	1,249,538	-	28,837	-	1,278,375	820,863
Operating surplus or deficit for social letting for 2011	790,215	-	30,648	-	820,863	-

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £ Nil (2011 - £ Nil)

The total amount of major repairs expenditure incurred in the year was £452,965 (2011 - £396,876).

Capitalised works to existing properties included in fixed asset additions totalled £2,398,952 (2011 - £2,793,535).



**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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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 £	2012 Operating surplus or deficit £	2011 Operating surplus or deficit £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	11,400	-	-	-	11,400	-	11,400	-	29
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	9,187	13,001	(22,188)	(5,592)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	101
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities - Gift Aid	-	-	-	11,465	11,465	-	-	11,465	136,357
Other activities - impairment of property	-	-	-	-	-	-	255,585	(255,585)	-
Other activities - Shared Equity sales	389,278	-	-	576,100	965,378	-	965,378	-	-
<b>Total from other activities</b>	<b>400,678</b>	-	-	<b>587,565</b>	<b>988,243</b>	<b>9,187</b>	<b>1,245,364</b>	<b>(266,308)</b>	<b>130,895</b>
<b>Total from other activities for 2011</b>	<b>2,051,148</b>	-	-	<b>1,490,417</b>	<b>3,541,565</b>	<b>(6,137)</b>	<b>3,416,807</b>	<b>130,895</b>	

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**4 Employees**

	2012 Number	2011 Number
The average weekly number of persons employed during the year was:		
- management	6	5
- operational	27	27
	<u>33</u>	<u>32</u>
The average full time equivalent number of persons employed during the year was:		
- management	6	5
- operational	24	24
	<u>30</u>	<u>29</u>
Comprising:		
Staff employed by Partick Housing Association Limited:		
The average weekly number of persons employed during the year was	11	9
The average full time equivalent number of persons employed during the year was	10	9
Subsidiary company staff not directly employed by Partick Housing Association Limited:		
The average weekly number of persons employed during the year was	22	23
The average full time equivalent number of persons employed during the year was	20	20
Staff Costs:	2012 £	2011 £
Wages & Salaries	956,518	854,635
National Insurance Contributions	75,882	68,578
Pension Contributions	176,557	108,720
	<u>1,208,957</u>	<u>1,031,933</u>
Agency employment costs	<u>7,942</u>	<u>30,119</u>
Comprising:		
Staff employed by Partick Housing Association Limited:		
Wages & Salaries	387,801	316,244
National Insurance Contributions	33,136	26,799
Pension Contributions	86,942	40,174
	<u>507,879</u>	<u>383,217</u>
Subsidiary company staff not directly employed by Partick Housing Association Limited:		
Wages & Salaries	568,717	538,391
National Insurance Contributions	42,746	41,779
Pension Contributions	89,615	68,546
	<u>701,078</u>	<u>648,716</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.

	2012 £	2011 £
Total Emoluments (including pension contributions and benefits in kind)	<u>72,578</u>	<u>52,851</u>
Emoluments of highest paid Director (excluding pension contributions)	<u>66,235</u>	<u>34,911</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 £6,343 (2011 - £6,766).

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

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

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

<b>6 <u>Operating surplus</u></b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Operating surplus is stated after charging:-		
Depreciation	686,612	595,355
Loss/(gain) on sale of housing accommodation	19,110	(38,689)
Auditors remuneration - audit services	13,800	12,800
other services	-	-
Impairment	<u>255,585</u>	<u>531,066</u>

An impairment review was carried out on housing land and buildings during the year. As a result of this an impairment charge of £255,585 has been recognised.

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

<b>7 <u>Interest Payable</u></b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
On Bank Loans and Overdraft	262,304	99,460
On other loans - The Scottish Government	<u>8,752</u>	<u>48,146</u>
	<u>271,056</u>	<u>147,606</u>

**8 Taxation**

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

**PATICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**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 01.04.11	91,949,183	5,172,174	445,786	1,923,985	99,491,128
Additions	2,434,067	4,576,052	-	-	7,010,119
Transfer to current assets	-	(775,573)	-	-	(775,573)
Transfers	42,061	-	(42,061)	-	-
Disposals	(65,673)	-	-	-	(65,673)
At 31.03.12	94,359,638	8,972,653	403,725	1,923,985	105,660,001
<u>HAGs and other grants</u>					
At 01.04.11	75,654,964	3,185,050	370,141	1,757,080	80,967,235
Additions	-	4,162,446	-	-	4,162,446
Transfer to current assets	-	(507,161)	-	-	(507,161)
Transfers	34,215	-	(34,215)	-	-
Amortisation of HAG	(45,775)	-	-	-	(45,775)
Repaid, abated and disposed of during year	(37,901)	-	-	-	(37,901)
At 31.03.12	75,605,503	6,840,335	335,926	1,757,080	84,538,844
<u>Depreciation</u>					
At 01.04.11	2,760,984	531,066	-	32,871	3,324,921
Transfers	-	-	-	-	-
Disposals	(3,447)	-	-	-	(3,447)
Charge for year	642,706	-	-	-	642,706
Impairment	-	255,585	-	-	255,585
At 31.03.12	3,400,243	786,651	-	32,871	4,219,765
<u>Net Book Value</u>					
At 31.03.12	15,353,892	1,345,667	67,799	134,034	16,901,392
At 31.03.11	13,533,235	1,456,058	75,645	134,034	15,198,972

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**9(b) Tangible Fixed Assets**

	Office Premises £	Office Furniture & Equipment £	Total £
<u>Cost</u>			
At 01.04.11	216,509	718,268	934,777
Additions	138,000	20,812	158,812
At 31.03.12	354,509	739,080	1,093,589
<u>Depreciation</u>			
At 01.04.11	55,675	651,351	707,026
Charge for year	7,090	36,816	43,906
At 31.03.12	62,765	688,167	750,932
<u>Net Book Value</u>			
At 31.03.12	291,744	50,913	342,657
At 31.03.11	160,834	66,917	227,751

**9(c) Investments**

	2012 £	2011 £
Unlisted security	4	4

There are two subsidiaries, Partick Works Limited and Partick Homes Limited, in which the Association holds all of the issued share capital of £1 in each company and a subsidiary, Partick DRK 2001 Limited, 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 Limited	149,831	585,147	665,178	Rental of commercial properties and development of real estate
Partick Homes Limited	118,818	795,673	99,863	Factoring
Partick DRK 2001 Limited	7,119	-	506,171	Development of real estate

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

<b>10 Stock</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
New build development costs	2,220,966	2,410,772
Less: Grant received	<u>(1,426,753)</u>	<u>(1,299,271)</u>
	<u>794,213</u>	<u>1,111,501</u>

<b>11 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Gross arrears of rent and service charges	200,803	276,318
Less: Bad debt provision	<u>(93,207)</u>	<u>(69,297)</u>
Net arrears of rent and service charges	107,596	207,021
Development funding receivable	689,582	141,899
Other debtors	2,757,899	3,871,720
Prepayments and accrued income	<u>311,690</u>	<u>189,866</u>
	<u>3,866,767</u>	<u>4,410,506</u>

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

Partick DRK 2001 Limited	38,000	72,451
Partick Works Limited	<u>2,717,355</u>	<u>3,782,989</u>
	<u>2,755,355</u>	<u>3,855,440</u>

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

<b>12 Creditors due within one year</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Housing loans	619,489	608,476
Taxation and social security costs	-	13,120
Rent in advance	199,977	187,248
Partick Homes Limited	412,069	44,287
Accruals and deferred income	1,066,516	477,244
The Scottish Government	156,732	128,447
Other creditors	<u>100,251</u>	<u>110,726</u>
	<u>2,555,034</u>	<u>1,569,548</u>

**13 Creditors: amounts falling 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 1.25% - 5.7% (2011: 0.838% - 15.875%) in instalments due as follows:

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
- between one and two years	644,336	632,970
- between two and five years	1,380,499	1,767,663
- in five years or more	<u>5,387,004</u>	<u>5,781,012</u>
	<u>7,411,839</u>	<u>8,181,645</u>

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

<b>14 <u>Share Capital</u></b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Shares of £1 each fully paid and issued		
Allotted, issued & fully paid at 01/04/11	240	244
Shares issued during year	6	12
Shares forfeited during year	(15)	(16)
As at 31/03/12	<u>231</u>	<u>240</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 2012, shares issued were split as follows:

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
Active members	<u>231</u>	<u>240</u>

<b>15 <u>Revenue Reserves</u></b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Revenue reserves at 01/04/11	12,473,555	7,589,641
Surplus for year	808,994	927,942
Transfer from designated reserves	-	3,955,956
Shares forfeited in year	-	16
Revenue reserves at 31/03/12	<u>13,282,549</u>	<u>12,473,555</u>

  

<b>16 <u>Reconciliation of Operating Surplus to Net Cash Inflow From Operating Activities</u></b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Operating surplus for the year	1,012,067	951,758
Shares forfeited in year	(15)	-
Depreciation	686,612	595,355
Impairment	255,585	531,066
Decrease in stock	317,288	348,062
Decrease/(increase) in debtors	543,739	(24,492)
Increase/(decrease) in creditors	935,349	(15,690)
Net cash inflow from operating activities	<u>3,750,625</u>	<u>2,386,059</u>

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**17 Reconciliation of Net Cashflow to Movement in Net Debt**

	2012 £	2011 £
Increase/(decrease) in cash in year	68,366	(1,317,343)
Cash inflow from financing	(2,700,000)	(1,500,000)
Loans repaid	3,458,793	742,835
Change in net debt	827,159	(2,074,508)
Net Debt at 1 April 2011	(7,513,867)	(5,439,359)
Net Debt at 31 March 2012	(6,686,708)	(7,513,867)

**18 Analysis of changes in Net Debt**

	As at 01/04/2011	Cash Flows	Other Changes	As at 31/03/2012
Cash at bank and in hand	1,276,254	68,366	-	1,344,620
Debt due within 1 year	(608,476)	3,458,793	(3,469,806)	(619,489)
Debt due after 1 year	(8,181,645)	(2,700,000)	3,469,806	(7,411,839)
	(7,513,867)	827,159	-	(6,686,708)

**19 Housing Stock**

	2012 No.	2011 No.
The number of units of accommodation owned and managed by the Association at the year end was		
General Needs Housing	1,689	1,701
Shared Ownership	27	28
	1,716	1,729

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

**20 Capital Commitments**

	2012 £	2011 £
Expenditure contracted less certified	8,361,281	9,995,996

The proposed financing of capital commitments was:

	2012 £	2011 £
HAG funded	823,833	3,595,027
Private finance	5,461,448	4,324,969
Sales receipts	2,076,000	2,076,000
	8,361,281	9,995,996



**PARTICK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

**21 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 2011 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2011.

During the accounting year Partick Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

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 year under FRS17 represents the employer contribution payable.

**PARTICK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

**21 Pension Obligations (Cont.)**

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 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 2011. 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 £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

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

<b>2009 Valuation Assumptions</b>	<b>% p.a.</b>
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
<b>Rate of pension increases</b>	
- 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

<b>Mortality Tables</b>	
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

**PARTICK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

**21 Pension Obligations (Cont.)**

<b>Contribution Rates for Future Service (payable from 1 April 2011)</b>	<b>%</b>
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

(\* 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 2011. As of this date the estimated employer debt for Partick Housing Association Limited was £8,696,307.

**PARTICK HOUSING ASSOCIATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2012****21 Pension Obligations (Cont.)****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.

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

**PARTICK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

**21 Pension Obligations (Cont.)**

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 year 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 £29 million, equivalent to a funding level of 96%.

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 preliminary triennial valuation results as at 30 September 2011 were received in March 2012 but, as the valuation will not be finalized until later this year, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.

The Scheme Actuary's preliminary results for 30 September 2011 show that the Plan's assets at that date were £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

**PARTICK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

**21 Pension Obligations (Cont.)**

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.

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.

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 and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. 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 liability attributable to employment with the leaving employer compared to the total amount of the Plan'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 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 2011. As of this date the estimated employer debt for Partick Housing Association Limited was £18,105.

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**22 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.

The following related party transactions took place during the year:

Name	Relationship	Transaction	Amount	Balance due (to)/ from at 31/3/12
			£	£
Partick DRK 2001 Limited	subsidiary	Funds received	(34,451)	38,000
Partick Works Limited	subsidiary	Funds received	(1,145,320)	
		Interest charged	79,686	2,717,355
Partick Homes Limited	subsidiary	Funds received	(379,247)	
		Gift Aid Payment	11,465	(412,069)

The comparatives for the previous year are:

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

**23 Post Balance Sheet Events**

On 1 April 2012 Partick Homes Limited transferred its employees and pension obligations to Partick Housing Association Limited.