

**PARTICK HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**Financial Conduct 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 2013**

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**Registration Particulars:**

Financial Conduct Authority	Industrial and Provident Societies Act 1965 Registered Number 1824 R (S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 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 2013**

### **CHAIRPERSON**

Alastair Firth

### **VICE CHAIR**

Leslie Milne

### **SECRETARY**

Lynn Wassell

### **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 THE BOARD OF MANAGEMENT**

**31 MARCH 2013**

The Board of Management present their report and audited financial statements for the year ended 31 March 2013.

### **Principal Activity**

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

Partick Housing Association Limited is registered with the Financial Conduct 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**

**Close to the community - working in partnership to deliver high-quality homes and services.**

We'll work together and better, nurturing existing partnerships and forging new alliances with other housing providers, statutory bodies, community agencies and contractors to provide new homes, sustain tenancies and support economic and social regeneration.

### **Our Aims**

- To provide valued, affordable homes and services
- To sustain, support and improve our communities
- To raise our profile and reputation as a leading organisation with a strong, influential voice
- To be a first-class employer - engaging, empowering and developing our staff
- To be Green - promoting affordable, low-carbon living and work.

### **Our Values**

**Our values are about who we are and the things that we believe in and drive us:**

- Customers and communities first
- Fairness, respect, equality and diversity - giving and receiving
- Straight dealing, straight talking - being open, accountable and acting with integrity
- Innovative, creative and adaptable
- Honest, trustworthy and reliable - doing what we say we'll do.

### **Our Objectives**

We have three key objectives for 2012-15

#### **1. Homes and services**

Deliver high-quality homes, better services and increased customer satisfaction.

**We'll be:**

**improving and upgrading...**

continuing to improve properties so that all our homes meet the Scottish Housing Quality Standard (or any relevant exemptions) by 2015 and investing over £10 million in repairs and major works.

**fair and supportive...**

recognising diverse needs and treating people equally and with respect; ensuring fair access to housing and services while maximising housing options and providing support to people through the challenges of welfare reform.

# PARTICK HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT

31 MARCH 2013

### Our Objectives (cont.)

#### 2. Communities and neighbourhoods

Get closer to communities, so we know, understand and respond to what our customers want and need, and support community and economic regeneration.

##### **We'll be:**

##### **listening and learning...**

engaging and working with our customers to do things better - encouraging feedback to improve our services and gaining a better insight on what matters to customers.

##### **scrutinising and continuously improving...**

working with residents to strengthen core performance; delivering what matters to customers and ensuring value for money and accountability across all our activities, in line with the Scottish Social Housing Charter.

##### **engaging and empowering...**

working pro-actively in partnership with other local housing providers and agencies to identify needs and secure resources to invest in greater customer and community involvement and wider action, to build strong, sustainable neighbourhoods, where people want to live, work and stay.

#### 3. The future

Grow and develop our business to be competitive and provide value for money.

##### **We'll be:**

##### **pioneering and inventive...**

finding innovative ways to fund the development of new homes, especially larger, family-sized houses, despite the tough funding environment and wider economic challenges.

##### **smart and flexible...**

working in new and different ways to deliver value for money and efficiency and respond to change; reviewing our governance structure and winding up subsidiaries we no longer need.

##### **modern and innovative...**

modernising the way we communicate and deliver services through increasing and smarter use of IT, data and new technology. We'll engage with customers and other stakeholders to market and improve what we do.

##### **empowering and valuing...**

investing in the skills and potential of our people (residents, staff and governing body members) to build their capacity and make the most of their talents.

##### **clear and influential...**

strengthening strategic partnerships and developing new partnerships and shared services; implementing our new brand and communications strategy so that Partick Housing Association has a strong, influential voice locally and across the Scottish housing scene.

# **PARTICK HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE BOARD OF MANAGEMENT**

**31 MARCH 2013**

### **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 negative (more cash spent than generated) by £933,877. This was the effect of development construction spend of £7,568,465 and the investment in subsidiary company of £999,999 offset by loan finance received of £5,000,000 and net cash inflow from operating activities of £2,795,075.

Net debt increased in the year by £5,314,359 to £12,001,067 due to the decrease in cash of £933,877 and loan finance received of £5,000,000 offset by loan repayments of £619,518.

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 £37,519 to £6,271,843 due to shared equity sales decreasing by £555,459. Gross income from rent and service charges increased in the year by 6.9% to £5,633,086 and voids amounted to £25,120 (i.e. 0.4% of gross income).

#### **Operating Costs**

Operating costs increased in the year by 4.2% to £4,512,187 with increased staff costs and planned and cyclical maintenance costs accounting for this.

#### **Interest Covenants**

Including the loss on sale of housing accommodation the Association's interest cover was 386% (2012 - 398%).

#### **Balance Sheet**

The net worth of the Association increased in the year by £928,971 to £14,211,751 represented by revenue reserves of £14,211,543 (over 6 months of operating costs in line with policy) and issued share capital of £208.

**PARTICK HOUSING ASSOCIATION LIMITED****REPORT OF THE BOARD OF MANAGEMENT****31 MARCH 2013****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 £928,994 (2012 - £808,994) has been transferred to revenue reserves.

**Board of Management**

The members of the Board of Management during the year to 31 March 2013 were as follows:

Alastair Firth (Chairperson)  
Leslie Milne (Vice Chairperson)  
Annette Bonar  
Margaret Burke  
Cheryl Osborne  
Paul Robertson  
Annette Scambler  
Farahnaz Traquair  
Phillip Wong  
Carol Ballingall (resigned 29 August 2012)  
Catherine Dowling (died 12 February 2013)

Each member of the Board 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 Board.

# PARTICK HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT

31 MARCH 2013

### 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 Finis Limited	Rental of commercial properties and development of real estate
Partick Works Limited	Factoring, rental of commercial properties and development of real estate
Partick DRK 2001 Limited	Development of real estate

Our governing body is our Board of Management, which is elected by and is responsible to the wider share membership. Board of Management members, who serve in a voluntary capacity are responsible for determining the overall direction of the Association, its strategy and policy. The Board 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 Board 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 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 THE BOARD OF MANAGEMENT**

**31 MARCH 2013**

### **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 Board 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 Board 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 Board'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 Board 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 Board 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 THE BOARD OF MANAGEMENT**

**31 MARCH 2013**

#### **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 Board. Reviews are carried out during the development period, to monitor expenditure and performance.

#### **Budgetary Process**

Each year the Board 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 Board 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 Board 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 £13.28m to £14.21m (see note 15).

# **PARTICK HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE BOARD OF MANAGEMENT**

**31 MARCH 2013**

### **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 two properties under right to buy in the year.

### **Developments**

In June 2011 the Association started a £14.3 million new build development at Ferry Road. Completed in June 2013, this project delivers 43 social rented units, 22 shared equity units and 22 mid market rent units.

In December 2012 work was completed on the over-cladding and refurbishment of 42 Association flats and 11 owner occupied flats at Fortrose House.

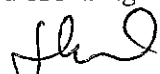
### **Future developments**

The Association purchased a former school site at Broomhill Drive from Glasgow City Council during 2010/2011. Planning consent for 14 houses, 18 flats and a 16 bedspace supported accommodation unit was approved in December 2012. Housing Association Grant and Council Tax Second Homes funding totalling £1,360,603 was received from Glasgow City Council in March 2012 to fund the acquisition of the site. The Association is now considering options for funding the construction phase of the project.

### **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 Board of Management

  
L Wassell : Secretary

Date: 28 AUGUST 2013

**PARTICK HOUSING ASSOCIATION LIMITED****STATEMENT OF BOARD 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 Board 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 Board 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 2010 and the Scottish Housing Regulator Accounting Requirements April 2012. 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 Board members are aware there is no relevant audit information of which the auditors are unaware and the Board 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 Board of Management confirm that the financial statements comply with the requirements.

By order of the Board of Management



L Wassell : Secretary

Date: 28 AUGUST 2013

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

**31 MARCH 2013**

The Board 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:-

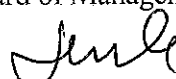
- the reliability of financial information used within the Association or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Board 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 Board 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 Board 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 Board of Management have reviewed the system of internal financial control in the Association during the year ended 31 March 2013. 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 Board of Management

  
L Wassell : Secretary

Date: 28 AUGUST 2013

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

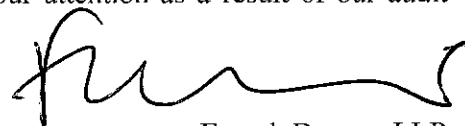
In addition to our audit of the financial statements, we have reviewed the Board of Management's statement on page 11 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

**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: 03/09/2013

**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 2013 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 opinions we have formed.

**Respective responsibilities of the Board and auditor**

As explained more fully in the Board's Responsibilities Statement set out on page 10, the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 Board 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 2013, 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 2013 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, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator Accounting Requirements April 2012.

**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  
Statutory Auditor  
375 West George Street  
Glasgow  
G2 4LW

Date: 03/09/2013.

**PARTICK HOUSING ASSOCIATION LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	<u>Notes</u>	2013	2012
		£	£
TURNOVER	2	6,271,843	6,309,362
Cost of sales	2	(409,919)	(965,378)
Operating costs	2	<u>(4,512,187)</u>	<u>(4,331,917)</u>
OPERATING SURPLUS	6	1,349,737	1,012,067
Loss on sale of housing accommodation		(149,926)	(19,110)
Interest receivable and other income		54,422	87,093
Interest payable	7	<u>(325,239)</u>	<u>(271,056)</u>
SURPLUS FOR THE YEAR		<u><u>928,994</u></u>	<u><u>808,994</u></u>

All amounts relate to continuing activities.




There were no recognised surpluses and deficits for 2013 and 2012 other than those included in the Income and Expenditure Account.



**PARTICK HOUSING ASSOCIATION LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2013**

	<u>Notes</u>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties less depreciation		107,823,690	101,440,236
Less: Social Housing & other grants	9(a)	(84,983,208)	(84,538,844)
	9(a)	<u>22,840,482</u>	<u>16,901,392</u>
Shared Equity Loan	1,436,154		1,270,735
Shared Equity Grant	<u>(1,436,154)</u>		<u>(1,270,735)</u>
		-	-
Other	9(b)	<u>321,861</u>	<u>342,657</u>
		23,162,343	17,244,049
Investments	9(c)	<u>1,000,003</u>	<u>4</u>
		<u>24,162,346</u>	<u>17,244,053</u>
<b>CURRENT ASSETS</b>			
Stock	10	1,901,285	794,213
Debtors	11	2,165,672	3,866,767
Cash at bank and in hand		<u>410,743</u>	<u>1,344,620</u>
		4,477,700	6,005,600
<b>CURRENT LIABILITIES</b>			
Creditors due within one year	12	<u>(2,660,822)</u>	<u>(2,555,034)</u>
<b>NET CURRENT ASSETS</b>		<u>1,816,878</u>	<u>3,450,566</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		25,979,224	20,694,619
Creditors: amounts falling due after one year	13	<u>(11,767,473)</u>	<u>(7,411,839)</u>
<b>NET ASSETS</b>		<u>14,211,751</u>	<u>13,282,780</u>
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	14	208	231
Revenue Reserves	15	<u>14,211,543</u>	<u>13,282,549</u>
		<u>14,211,751</u>	<u>13,282,780</u>

These financial statements were approved and authorised for issue by the Board of Management and were signed on its behalf by:

Board member		L. MILNE
Board member		M. BURKE
Secretary		L. WASSELL
Date:	28 AUGUST 2013	

**PARTICK HOUSING ASSOCIATION LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	2013	2012
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	<u>2,795,075</u>	<u>3,750,625</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		54,422	87,093
Interest paid		<u>(325,239)</u>	<u>(271,056)</u>
		<u>(270,817)</u>	<u>(183,963)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		<u>2,524,258</u>	<u>3,566,662</u>
CAPITAL EXPENDITURE			
The cash paid for development, construction and purchasing of housing		(7,568,465)	(6,234,546)
The cash paid for purchase of other fixed assets		(23,608)	(158,812)
Social housing grant received		499,299	3,609,510
Proceeds on disposal of housing properties		254,146	44,339
Investment in subsidiary company		<u>(999,999)</u>	<u>-</u>
		<u>(7,838,627)</u>	<u>(2,739,509)</u>
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		<u>(5,314,369)</u>	<u>827,153</u>
FINANCING			
Loan finance received		5,000,000	2,700,000
Loans repaid		(619,518)	(3,458,793)
Shares issued		10	6
		<u>4,380,492</u>	<u>(758,787)</u>
(DECREASE)/INCREASE IN CASH	17	<u>(933,877)</u>	<u>68,366</u>

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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 Conduct Authority. The accounts have been prepared under the historical cost convention, and in compliance with The Scottish Housing Regulator Accounting Requirements April 2012 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 2013**

**(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 2013**

**(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 Conduct 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 2013**

**(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**

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 £	Cost of sales £	Operating costs £	2013 Operating Surplus/ (Deficit) £	2012 Operating Surplus/ (Deficit) £
Social lettings	3(a)	5,686,107	-	4,503,650	1,182,457	1,278,375
Other activities	3(b)	585,736	409,919	8,537	167,280	(266,308)
Total		6,271,843	409,919	4,512,187	1,349,737	1,012,067
2012		6,309,362	965,378	4,331,917	1,012,067	

PARTICK HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013

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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 £	2013 Total £	2012 Total £
Rent receivable net of service charges	5,450,813	-	47,442	-	5,498,255	5,140,205
Service charges	134,831	-	-	-	134,831	129,926
Gross income from rents and service charges	5,585,644	-	47,442	-	5,633,086	5,270,131
Less voids	(25,120)	-	-	-	(25,120)	(32,207)
Net income from rents and service charges	5,560,524	-	47,442	-	5,607,966	5,237,924
Grants from the Scottish Ministers	78,141	-	-	-	78,141	83,195
Other revenue grants	-	-	-	-	-	-
Total turnover from social letting activities	5,638,665	-	47,442	-	5,686,107	5,321,119
Management and maintenance administration costs	2,044,210	-	17,792	-	2,062,002	1,899,731
Service costs	110,201	-	-	-	110,201	114,679
Planned and cyclical maintenance including major repairs costs	650,181	-	-	-	650,181	452,965
Reactive maintenance costs	855,858	-	-	-	855,858	877,322
Bad debts - rents and service charges	52,783	-	-	-	52,783	55,341
Depreciation of social housing	772,625	-	-	-	772,625	642,706
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	4,485,858	-	17,792	-	4,503,650	4,042,744
Operating surplus or deficit for social lettings	1,152,807	-	29,650	-	1,182,457	1,278,375
Operating surplus or deficit for social letting for 2012	1,249,538	-	28,837	-	1,278,375	-

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £ Nil (2012 - £ Nil)

The total amount of major repairs expenditure incurred in the year was £650,181 (2012 - £452,965).

Capitalised works to existing properties included in fixed asset additions totalled £2,711,251 (2012 - £2,398,952).



**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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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 £	2013 Operating surplus or deficit £	2012 Operating surplus or deficit £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	53	8,484	(8,537)	(22,188)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities - Gift Aid	-	-	-	175,817	175,817	-	-	175,817	11,465
Other activities - impairment of property	-	-	-	-	-	-	-	-	(255,585)
Other activities - Shared Equity sales	165,419	-	-	244,500	409,919	-	409,919	-	-
<b>Total from other activities</b>	<b>165,419</b>	<b>-</b>	<b>-</b>	<b>420,317</b>	<b>585,736</b>	<b>53</b>	<b>418,403</b>	<b>167,280</b>	<b>(266,308)</b>
<b>Total from other activities for 2012</b>	<b>400,678</b>	<b>-</b>	<b>-</b>	<b>587,565</b>	<b>988,243</b>	<b>9,187</b>	<b>1,245,364</b>	<b>(266,308)</b>	

**PARTICK HOUSING ASSOCIATION LIMITED**  
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**4 Employees**

	2013 Number	2012 Number
The average weekly number of persons employed during the year was:		
- management	6	6
- operational	29	27
	<u>35</u>	<u>33</u>
The average full time equivalent number of persons employed during the year was:		
- management	6	6
- operational	25	24
	<u>31</u>	<u>30</u>
Comprising:		
Staff employed by Partick Housing Association Limited:		
The average weekly number of persons employed during the year was	<u>35</u>	<u>11</u>
The average full time equivalent number of persons employed during the year was	<u>31</u>	<u>10</u>
Subsidiary company staff not directly employed by Partick Housing Association Limited:		
The average weekly number of persons employed during the year was	<u>-</u>	<u>22</u>
The average full time equivalent number of persons employed during the year was	<u>-</u>	<u>20</u>
	<b>2013</b>	<b>2012</b>
Staff Costs:	<b>£</b>	<b>£</b>
Wages & Salaries	1,068,049	956,518
National Insurance Contributions	88,311	75,882
Pension Contributions	181,652	176,557
	<u>1,338,012</u>	<u>1,208,957</u>
Agency employment costs	<u>14,559</u>	<u>7,942</u>
Comprising:		
Staff employed by Partick Housing Association Limited:		
Wages & Salaries	1,068,049	387,801
National Insurance Contributions	88,311	33,136
Pension Contributions	181,652	86,942
	<u>1,338,012</u>	<u>507,879</u>
Subsidiary company staff not directly employed by Partick Housing Association Limited:		
Wages & Salaries	-	568,717
National Insurance Contributions	-	42,746
Pension Contributions	-	89,615
	<u>-</u>	<u>701,078</u>

Pension contributions of £181,652 (2012 - £176,557) include past service deficit contributions of £94,452 (2012 - £90,766).

**5 Directors' Emoluments**

The Board of Management 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 Board of Management whose total emoluments exceed £60,000 per year is also similarly classed.

	2013 £	2012 £
Total Emoluments (excluding pension contributions)	<u>70,050</u>	<u>66,235</u>
Emoluments of Chief Executive (excluding pension contributions)	<u>70,050</u>	<u>66,235</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 £6,502 (2012 - £6,343).

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

	No. of directors	No. of directors
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-

## 8 Taxation

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

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9(a) Tangible Fixed Assets**

	Housing properties held for letting £	Housing properties under construction £	Shared Ownership housing properties £	Environmental works/ improvements £	Total £
<b>Cost</b>					
At 01.04.12	94,359,638	8,972,653	403,725	1,923,985	105,660,001
Additions	2,763,645	6,048,969	-	-	8,812,614
Transfer to current assets	-	(1,244,149)	-	-	(1,244,149)
Transfers	963,063	(921,002)	(42,061)	-	-
Disposals	(325,746)	(435,585)	-	-	(761,331)
At 31.03.13	97,760,600	12,420,886	361,664	1,923,985	112,467,135
<b>HAGs and other grants</b>					
At 01.04.12	75,605,503	6,840,335	335,926	1,757,080	84,538,844
Additions	-	433,450	-	-	433,450
Transfer to current assets	-	111,624	-	-	111,624
Transfers	35,114	-	(35,114)	-	-
Amortisation of HAG	(45,775)	-	-	-	(45,775)
Repaid, abated and disposed of during year	(54,935)	-	-	-	(54,935)
At 31.03.13	75,539,907	7,385,409	300,812	1,757,080	84,983,208
<b>Depreciation</b>					
At 01.04.12	3,400,243	786,651	-	32,871	4,219,765
Transfers	-	-	-	-	-
Disposals	(93,360)	(255,585)	-	-	(348,945)
Charge for year	772,625	-	-	-	772,625
Impairment	-	-	-	-	-
At 31.03.13	4,079,508	531,066	-	32,871	4,643,445
<b>Net Book Value</b>					
At 31.03.13	18,141,185	4,504,411	60,852	134,034	22,840,482
At 31.03.12	15,353,892	1,345,667	67,799	134,034	16,901,392

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9(b) Tangible Fixed Assets**

	Office Premises £	Office Furniture & Equipment £	Total £
<u>Cost</u>			
At 01.04.12	354,509	739,080	1,093,589
Additions	-	23,608	23,608
Disposals	-	(1,586)	(1,586)
At 31.03.13	354,509	761,102	1,115,611
<u>Depreciation</u>			
At 01.04.12	62,765	688,167	750,932
Charge for year	7,090	37,314	44,404
Disposals	-	(1,586)	(1,586)
At 31.03.13	69,855	723,895	793,750
<u>Net Book Value</u>			
At 31.03.13	284,654	37,207	321,861
At 31.03.12	291,744	50,913	342,657

**9(c) Investments**

	2013 £	2012 £
Partick Finis Limited (formerly Partick Works Limited)	1	1
Partick Works Limited (formerly Partick Homes Limited)	1,000,000	1
Partick DRK 2001 Limited	2	2
	<u>1,000,003</u>	<u>4</u>

There are three subsidiaries, Partick Finis Limited, Partick Works Limited and Partick DRK 2001 Limited, in which the Association holds all of the issued share capital. All three companies are limited companies registered in Scotland.

	Capital and Reserves £	Turnover £	Profit/(loss) for year £	Activity
Partick Finis Limited	16,741	108,248	(133,421)	Rental of commercial properties and development of real estate
Partick Works Limited	1,284,611	1,037,495	165,794	Factoring, rental of commercial properties and development of real estate
Partick DRK 2001 Limited	3,077	-	(4,043)	Development of real estate

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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<b>10 Stock</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
New build development costs	3,055,195	2,220,966
Less: Grant received	(1,153,910)	(1,426,753)
	<u>1,901,285</u>	<u>794,213</u>

<b>11 Debtors</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Gross arrears of rent and service charges	235,949	220,803
Less: Bad debt provision	(173,007)	(113,207)
Net arrears of rent and service charges	62,942	107,596
Development funding receivable	203,012	689,582
Other debtors	1,667,866	2,757,899
Prepayments and accrued income	231,852	311,690
	<u>2,165,672</u>	<u>3,866,767</u>

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

Partick DRK 2001 Limited	-	38,000
Partick Finis Limited	275,413	2,717,355
Partick Works Limited	1,317,654	-
	<u>1,593,067</u>	<u>2,755,355</u>

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

<b>12 Creditors due within one year</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Housing loans	644,337	619,489
Taxation and social security costs	35,102	-
Rent in advance	214,257	199,977
Partick DRK 2001 Limited	5,128	-
Partick Works Limited	-	412,069
Accruals and deferred income	1,403,166	1,066,516
The Scottish Government	203,353	156,732
Other creditors	155,479	100,251
	<u>2,660,822</u>	<u>2,555,034</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 1.0625% - 5.7% (2012: 1.25% - 5.7%) in instalments due as follows:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
- between one and two years	823,824	644,336
- between two and five years	1,598,975	1,380,499
- in five years or more	9,344,674	5,387,004
	<u>11,767,473</u>	<u>7,411,839</u>

PARTICK HOUSING ASSOCIATION LIMITED  
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<b>14 <u>Share Capital</u></b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Shares of £1 each fully paid and issued		
Allotted, issued & fully paid at 01/04/12	231	240
Shares issued during year	10	6
Shares forfeited during year	(33)	(15)
	<u>208</u>	<u>231</u>
As at 31/03/13	<u>208</u>	<u>231</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 2013, shares issued were split as follows:

	<b>2013</b>	<b>2012</b>
	<b>No.</b>	<b>No.</b>
Active members	<u>208</u>	<u>231</u>

<b>15 <u>Revenue Reserves</u></b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Revenue reserves at 01/04/12	13,282,549	12,473,555
Surplus for year	928,994	808,994
Revenue reserves at 31/03/13	<u>14,211,543</u>	<u>13,282,549</u>

<b>16 <u>Reconciliation of Operating Surplus to Net Cash Inflow From Operating Activities</u></b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Operating surplus for the year	1,349,737	1,012,067
Shares forfeited in year	(33)	(15)
Depreciation	817,029	686,612
Impairment	-	255,585
(Increase)/decrease in stock	(1,107,072)	317,288
Decrease in debtors	1,701,095	543,739
Increase in creditors	34,319	935,349
Net cash inflow from operating activities	<u>2,795,075</u>	<u>3,750,625</u>

**PARTICK HOUSING ASSOCIATION LIMITED**  
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**17 Reconciliation of Net Cashflow to Movement in Net Debt**

	2013 £	2012 £
(Decrease)/increase in cash in year	(933,877)	68,366
Cash inflow from financing	(5,000,000)	(2,700,000)
Loans repaid	619,518	3,458,793
Change in net debt	(5,314,359)	827,159
Net Debt at 1 April 2012	(6,686,708)	(7,513,867)
Net Debt at 31 March 2013	(12,001,067)	(6,686,708)

**18 Analysis of changes in Net Debt**

	As at 01/04/2012	Cash Flows	Other Changes	As at 31/03/2013
Cash at bank and in hand	1,344,620	(933,877)	-	410,743
Debt due within 1 year	(619,489)	619,518	(644,366)	(644,337)
Debt due after 1 year	(7,411,839)	(5,000,000)	644,366	(11,767,473)
	(6,686,708)	(5,314,359)	-	(12,001,067)

**19 Housing Stock**

	2013 No.	2012 No.
The number of units of accommodation owned and managed by the Association at the year end was		
General Needs Housing	1,689	1,689
Shared Ownership	26	27
	1,715	1,716
No units owned by the Association are managed on behalf of the Association by another body.		

**20 Capital Commitments**

	2013 £	2012 £
Expenditure contracted less certified	1,108,482	8,361,281

The proposed financing of capital commitments was:

	2013 £	2012 £
HAG funded	-	823,833
Private finance	1,000,000	5,461,448
Sales receipts	108,482	2,076,000
	1,108,482	8,361,281



# **PARTICK HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2013**

#### **21 Pension Obligations**

##### **PENSION OBLIGATIONS – MAIN PLAN**

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 option for active members as at 1 April 2012 and the final salary with a 1/60th accrual rate benefit option for new entrants from 1 April 2012.

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 thirty eight active members of the Scheme employed by Partick Housing Association Limited. The annual pensionable payroll in respect of these members was £1,184,995. 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 2013**

**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 2013**

**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 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 2012. As of this date the estimated employer debt for Partick Housing Association Limited was £9,575,457.

# **PARTICK HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2013**

#### **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. 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 year. Members paid contributions at the rates of 3% - 10% during the accounting year. As at the balance sheet date there were three active members of the Plan employed by Partick Housing Association Limited. 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 2013**

**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 2011 were completed in 2012 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 £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%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

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 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) were £984 million. The update therefore revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.

**PARTICK HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**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 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, 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****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2013****21 Pension Obligations (Cont.)**

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

Owing to this situation, we have included 2 figures/calculations, namely:

- The cost of withdrawal if we include Series 3 liabilities in the calculation
- The cost of withdrawal if we exclude Series 3 liabilities from the calculation

If an employer withdraws from the Growth Plan prior to the implementation of the regulations, the debt will be calculated on both bases and The Pensions Trust would request payment of the higher amount with any adjustment being made when the regulations are implemented

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 2012. The estimated amount of employer debt on withdrawal liability which includes Series 3 liabilities for Partick Housing Association Limited as at 30 September 2012 has been calculated as £23,331. The estimated amount of employer debt on withdrawal liability excluding Series 3 liabilities for Partick Housing Association Limited as at 30 September 2012 has been calculated as £19,103.

**PARTICK HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**22 Related Party Transactions**

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

During the year the Association advanced funds to Partick Works Limited. Also during the year Partick DRK 2001 Limited and Partick Finis Limited paid funds to the Association.

The following related party transactions took place during the year:

Name	Relationship	Transaction	Amount	Balance due (to)/ from at 31/3/13
			£	£
Partick DRK 2001 Limited	subsidiary	Funds received	(43,128)	(5,128)
Partick Finis Limited	subsidiary	Funds received	(2,491,039)	
		Interest charged	23,684	
		Gift Aid Payment	25,413	275,413
Partick Works Limited	subsidiary	Funds given	1,555,635	
		Interest charged	23,684	
		Gift Aid Payment	150,404	1,317,654

The comparatives for the previous year are:

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

**23 Contingent Liability**

Partick Housing Association Limited has been notified that in relation to the recently completed (October 2010) development at Byron Street the main contractor, Stewart and Shields Limited, has intimated that they are seeking additional sums for the scheme, currently stated as £391,431.

Partick Housing Association Limited, in consultation with the Design Team, disputes the value of this claim so no provision is provided in the financial statements.

If the claim materialises approximately £130,000 would be recoverable from Whiteinch and Scotstoun Housing Association Limited who acquired 14 units in the development.