

Wellhouse Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2010



Registered Housing Association No.HAC281

FSA Reference No. 2469R (S)

Scottish Charity No. SC036552

WELLHOUSE HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE MANAGEMENT COMMITTEE EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	5
REPORT OF THE AUDITORS	6
INCOME AND EXPENDITURE ACCOUNT	7
BALANCE SHEET	8
CASH FLOW STATEMENT	9
NOTES TO THE FINANCIAL STATEMENTS	10

WELLHOUSE HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2010

MANAGEMENT COMMITTEE

Willie Mulligan	Chairperson
Eddie Andrews	Vice-Chair
Maureen McCormick	Secretary
Ann Sawers	Treasurer
Betty Lavery	
Lynn Toner	
Mary Cawley	
Linda Granger	
Irene Blackwood	
Pearl Rose Brolly	
Irene Cochrane	
Thomas Burrows	Resigned 17/09/09
Lesley Copeland	
Wilma Strang	
John McLaren	

EXECUTIVE OFFICERS

Joseph Williamson	Director
Yvonne Hague	Housing Service Manager
Emma Shields	Senior Finance Officer

REGISTERED OFFICE

49 Wellhouse Crescent
Wellhouse
Glasgow
G33 4LA

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Clydesdale Bank Plc
865 Shettleston Road
Glasgow
G32 7NS

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1HN

WELLHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2010.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2469R (S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036552.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation and the development of new build and refurbished housing.

Review of Business and Future Developments

The last year has seen a significant change in the structure, size and direction of Wellhouse Housing Association.

With the recent conclusion of the Second Stage Transfer process (the transfer of 388 GHA units) has seen us almost double in size.

Prior to the increase in size, we have undergone a complete review of the organisation including staffing, governance and strategic direction.

Some staff have left us and we have welcomed six new members of staff- they are all young, bright and keen to make their mark in social housing.

In financial terms we have carried out due diligence prior to transfer including extensive stock condition surveys and our 30 year projections look healthy.

All RSLs are operating in an age of uncertainty; clearly the forthcoming public spending cuts will disproportionately affect the poorest members of society, many of whom are our customers. Our challenge must be to continue to deliver a first class service and where possible protect or take over services that are vital for our community.

To that end we continue to work closely with Wellhouse Community Trust. These austere times will provide opportunities for creativity and innovation and perhaps RSLs will re-invent themselves as social regeneration organisations?

We remain confident that our phase 7 development of 55 homes, a mix of sale and socially rented as well as a residential children's home, will be on site within the next 12 months. Again the current funding environment is challenging, however we will seek to develop perhaps in partnership with a contractor.

Our unique Positive Psychology programme was a huge success. We are currently nearing completion of Phase 2, a toolkit which will assist members of our community increase confidence and optimism and support them to reach their potential.

Wellhouse Housing Association is entering another exciting stage of development. We have a strong staff team, a mix of experience and youth, outstanding support from management committee and the community and we will continue the social and economic regeneration of Wellhouse whilst protecting our investment and providing an efficient and effective housing service.

WELLHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

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.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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;
- prepare a statement on Internal Financial Control.

The Management Committee 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's Association's Auditors are aware of that information.

WELLHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment 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;
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement of Loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

Donations

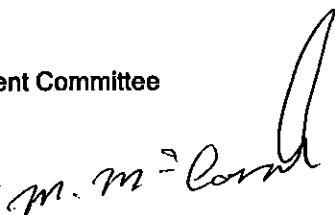
During the year the Association made charitable donations amounting to £1,110 (2009 £8,425)

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee

MAUREEN MCCORMICK
Secretary
26 August 2010



WELLHOUSE HOUSING ASSOCIATION LIMITED

**REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
WELLHOUSE HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

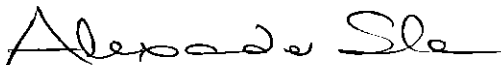
Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within 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 4 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.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
26 August 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WELLHOUSE HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Wellhouse Housing Association Limited for the year ended 31st March 2010 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association 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 Management Committee and Auditors

As described in the Statement of Management Committee's Responsibilities the Association's Management Committee are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is consistent with the Financial Statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Management Committee's remuneration and transactions with the Association is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

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

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

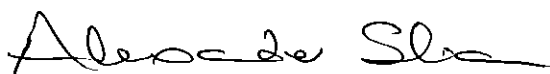
Opinion

In our opinion the Financial Statements:

give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Association's affairs as at 31st March 2010 and of its income and expenditure and cash flow for the year then ended; and

have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion, the information given in the Management Committee's Report is consistent with the financial statements.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
26 August 2010

WELLHOUSE HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Notes	2010 £	2009 £
TURNOVER	2.	1,561,150	1,506,721
Operating Costs	2.	(1,085,692)	(1,005,221)
OPERATING SURPLUS	9.	475,458	501,500
Interest Receivable and Other Income		5,682	31,637
Interest Payable and Similar Charges	8.	(169,687)	(333,728)
		(164,005)	(302,091)
SURPLUS ON ORDINARY ACTIVITIES		<u>311,453</u>	<u>199,409</u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

WELLHOUSE HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2010

	Notes	£	2010 £	£	2009 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		30,037,007		30,177,092
Less: Social Housing Grant	11.(a)		(23,915,057)		(23,928,639)
: Other Public Grants	11.(a)		(55,000)		(55,000)
			<u>6,066,950</u>		<u>6,193,453</u>
Other fixed assets	11.(b)		390,830		397,869
			<u>6,457,780</u>		<u>6,591,322</u>
CURRENT ASSETS					
Debtors	14.	95,575		106,272	
Cash at bank and in hand		<u>1,096,226</u>		<u>897,758</u>	
			<u>1,191,801</u>		<u>1,004,030</u>
CREDITORS: Amounts falling due within one year	15.	(567,177)		(423,974)	
			<u>624,624</u>		<u>580,056</u>
NET CURRENT ASSETS					
			<u>7,082,404</u>		<u>7,171,378</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS: Amounts falling due after more than one year	16.	(5,710,949)		(6,111,375)	
			<u>1,371,455</u>		<u>1,060,003</u>
NET ASSETS					
			<u>1,371,455</u>		<u>1,060,003</u>
CAPITAL AND RESERVES					
Share Capital	18.		161		162
Designated Reserves	19.(a)		866,755		633,165
Revenue Reserves	19.(b)		504,539		426,676
			<u>1,371,455</u>		<u>1,060,003</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on

26 August 2010

WILLIE MULLIGAN
Chairperson

W. Mulligan

EDDIE ANDREWS
Vice-Chairperson

Eddie Andrews

MAUREEN MCCORMICK
Secretary

M. McCormick

WELLHOUSE HOUSING ASSOCIATION LIMITED

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2010**

	Notes	£	2010 £	£	2009 £
Net Cash Inflow from Operating Activities	17.		653,766		681,394
Returns on Investment and Servicing of Finance					
Interest Received		5,858		32,319	
Interest Paid		(173,389)		(352,575)	
Net Cash (Outflow) from Investment and Servicing of Finance			(167,531)		(320,256)
Taxation					
Corporation Tax Paid		-		(62)	
Net Cash (Outflow) from Taxation			-		(62)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(42,171)		(552,028)	
Purchase of Other Fixed Assets		(9,537)		(11,337)	
Social Housing Grant Received		42,068		24,898	
Social Housing Grant Repaid		-		-	
Proceeds on Disposal of Properties		15,745		-	
Net Cash Inflow / (Outflow) from Capital Expenditure and Financial Investment			6,105		(538,467)
Net Cash Inflow / (Outflow) before use of Liquid Resources and Financing			492,340		(177,391)
Financing					
Loan Advances Received		-		507,007	
Loan Principal Repayments		(293,883)		(178,964)	
Share Capital Issued		11		14	
Net Cash (Outflow) / Inflow from Financing			(293,872)		328,057
Increase in Cash	17.		198,468		150,666

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2008, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Retirement Benefits

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

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated. Housing Properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount.

Depreciation And Impairment Of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	- over 30 & 50 years
Office Furniture and Fittings	- 20%
Commercial Properties	- 2%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2010			2009		
	Notes	Turnover £	Operating Costs £	Operating Surplus £	Turnover £	Operating Costs £	Operating Surplus £
Social Lettings	3.	1,329,124	858,961	470,163	1,286,741	799,445	487,296
Other Activities	4.	232,026	226,731	5,295	219,980	205,776	14,204
Total		1,561,150	1,085,692	475,458	1,506,721	1,005,221	501,500

	General Needs Housing £	Supported Housing £	Shared ownership £	2010 Total £	2009 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,301,089	-	-	1,301,089	1,265,756
Service Charges Receivable	29,949	-	-	29,949	26,575
Gross Rents Receivable	1,331,038	-	-	1,331,038	1,292,331
Less: Rent losses from voids	1,914	-	-	1,914	5,590
Total Income From Social Letting	1,329,124	-	-	1,329,124	1,286,741
Expenditure on Social Letting Activities					
Service Costs	29,949	-	-	29,949	25,726
Management and maintenance administration costs	414,560	-	-	414,560	412,619
Reactive Maintenance	137,697	-	-	137,697	137,923
Bad Debts - Rents and Service Charges	26,104	-	-	26,104	9,445
Planned and Cyclical Maintenance, including Major Repairs	115,991	-	-	115,991	79,705
Depreciation of Social Housing	134,660	-	-	134,660	134,027
Operating Costs of Social Letting	858,961	-	-	858,961	799,445
Operating Surplus on Social Letting Activities	470,163	-	-	470,163	487,296
2009	487,296	-	-		

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus (Deficit) 2010 £	Operating Surplus (Deficit) 2009 £
Wider Role Activities	-	-	-	-	-	-	11,567	(11,567)	(23,367)
Other Agency or Management Services	-	-	-	175,691	175,691	-	129,702	45,989	4,121
Hub Rental Income	-	-	-	12,416	12,416	-	13,877	(1,461)	(427)
Commercial	-	-	-	22,430	22,430	-	6,405	16,025	22,557
Other Income	-	-	-	21,489	21,489	-	65,180	(43,691)	11,320
Total From Other Activities	-	-	-	232,026	232,026	-	226,731	5,295	14,204
2009	-	-	-	219,980	219,980	-	205,776	14,204	

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTES TO THE FINANCIAL STATEMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

2010
£

2009
£

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

68,286 62,549

Pension contributions made on behalf on Officers with emoluments greater than £60,000

9,181 8,854

Emoluments payable to Chief Executive (excluding pension contributions)

68,286 62,549

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

£60,001 to £70,000

Number 1 Number 1

NOTES TO THE FINANCIAL STATEMENTS

The average monthly number of full time equivalent persons employed during the year was

9 9

The average total number of Employees employed during the year was

12 14

Staff Costs were:

£ £

Wages and Salaries 331,184 335,067

Social Security Costs 28,478 28,294

Other Pension Costs 28,666 33,248

388,328 396,609

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2010	2009
	£	£
Sales Proceeds	15,745	-
Cost of Sales	15,745	-
Gain On Sale Of Housing Stock	-	-

	2010	2009
	£	£
On Bank Loans & Overdrafts	169,687	344,097
Less: Interest Capitalised	-	10,369
	169,687	333,728

Interest capitalised was incurred at varying rates of interest.

	2010	2009
	£	£
Surplus on Ordinary Activities is stated after charging/(crediting):-		
Depreciation - Tangible Owned Fixed Assets	150,674	164,545
Auditors' Remuneration - Audit Services	5,629	5,790
- Other Services	840	710
Operating Lease Rentals - Plant and Machinery	11,574	12,079
Operating Lease Rentals - Income	(34,846)	(37,185)

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. HOUSING PROPERTIES (continued)

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
As at 1st April 2009	30,897,189	34,017	30,931,206
Additions	36,579	20,899	57,478
Disposals	(62,903)	-	(62,903)
As at 31st March 2010	<u>30,870,865</u>	<u>54,916</u>	<u>30,925,781</u>
DEPRECIATION			
As at 1st April 2009	754,114	-	754,114
Charge for Year	134,660	-	134,660
As at 31st March 2010	<u>888,774</u>	<u>-</u>	<u>888,774</u>
SOCIAL HOUSING GRANT			
As at 1st April 2009	23,928,639	-	23,928,639
Additions	19,247	20,899	40,146
Disposals	(53,728)	-	(53,728)
As at 31st March 2010	<u>23,894,158</u>	<u>20,899</u>	<u>23,915,057</u>
OTHER CAPITAL GRANTS			
As at 1st April 2009	55,000	-	55,000
As at 31st March 2010	<u>55,000</u>	<u>-</u>	<u>55,000</u>
NET BOOK VALUE			
As at 31st March 2010	<u>6,032,933</u>	<u>34,017</u>	<u>6,066,950</u>
As at 31st March 2009	<u>6,159,436</u>	<u>34,017</u>	<u>6,193,453</u>

Additions to housing properties includes capitalised development administration costs of £16,359 (2009 - £25,458) and capitalised major repair costs to existing properties of £nil (2009 £nil)

All land and housing properties are freehold.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Tangible Fixed Assets (continued)

b) Other Tangible Assets

	Commercial Premises £	Office Premises £	Office Furniture & Equipment £	Total £
COST				
As at 1st April 2009	163,295	1,395,550	153,589	1,712,434
Additions	-	-	8,975	8,975
As at 31st March 2010	<u>163,295</u>	<u>1,395,550</u>	<u>162,564</u>	<u>1,721,409</u>
GRANTS RECEIVED				
As at 1st April 2009	-	1,085,240	-	1,085,240
As at 31st March 2010	-	<u>1,085,240</u>	-	<u>1,085,240</u>
AGGREGATE DEPRECIATION				
As at 1st April 2009	59,594	31,634	138,097	229,325
Charge for year	4,398	6,200	5,416	16,014
As at 31st March 2010	<u>63,992</u>	<u>37,834</u>	<u>143,513</u>	<u>245,339</u>
NET BOOK VALUE				
As at 31st March 2010	<u>99,303</u>	<u>272,476</u>	<u>19,051</u>	<u>390,830</u>
As at 31st March 2009	<u>103,701</u>	<u>278,676</u>	<u>15,492</u>	<u>397,869</u>

13. Capital Expenditure Contracted for

	2010 £	2009 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>-</u>	<u>76,893</u>

14. Operating Lease Commitments

	2010 £	2009 £
At the year end, the annual commitments under operating leases were as follows:-		
Other		
Expiring between two and five years	12,079	11,397
Expiring in over five years	<u>-</u>	<u>681</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2010 £	2009 £
Arrears of Rent & Service Charges	72,094	83,007
Less: Provision for Doubtful Debts	(22,612)	(20,278)
	49,482	62,729
Other Debtors	46,093	43,543
	<u>95,575</u>	<u>106,272</u>

Other debtors includes an amount of £8,825 (2009: £9,384) which is receivable after more than one year.

15. CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Housing Loans	292,500	185,955
Trade Creditors	132,569	89,290
Rent in Advance	24,340	23,336
Scheme Costs	57,938	56,016
Other Taxation and Social Security	6,990	13,341
Other Creditors	52,840	37,562
Accruals and Deferred Income	-	18,474
	<u>567,177</u>	<u>423,974</u>

At the balance sheet date there were pension contributions outstanding of £2,870 (2009 £3,289)

16. FINANCIAL LIABILITIES: Amounts falling due after more than one year

	2010 £	2009 £
Housing Loans	<u>5,710,949</u>	<u>6,111,375</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	292,500	185,955
Between one and two years	296,000	183,000
Between two and five years	921,000	582,000
In five years or more	<u>4,493,949</u>	<u>5,346,375</u>
	6,003,449	6,297,330
Less: Amount shown in Current Liabilities	<u>292,500</u>	<u>185,955</u>
	<u>5,710,949</u>	<u>6,111,375</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>		
Operating Surplus	475,458	501,500
Depreciation	150,674	164,545
Change in Debtors	10,521	(18,944)
Change in Creditors	17,125	34,293
Share Capital Written Off	(12)	-
Net Cash Inflow from Operating Activities	<u>653,766</u>	<u>681,394</u>

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010 £	£	2009 £	£
<i>Reconciliation of net cash flow to movement in net debt</i>				
Increase in Cash	198,468		150,666	
Cash flow from change in debt	<u>293,881</u>		<u>(328,043)</u>	
Movement in net debt during year		492,349		(177,377)
Net debt at 1st April 2009		<u>(5,399,572)</u>		<u>(5,222,195)</u>
Net debt at 31st March 2010		<u>(4,907,223)</u>		<u>(5,399,572)</u>

19. ANALYSIS OF CHANGES IN NET DEBT

	At 01.04.09 £	Cash Flows £	Other Changes £	At 31.03.10 £
<i>Analysis of changes in net debt</i>				
Cash at bank and in hand	897,758	198,468		1,096,226
Debt: Due within one year	(185,955)	185,955	(292,500)	(292,500)
Due after more than one year	<u>(6,111,375)</u>	<u>107,926</u>	<u>292,500</u>	<u>(5,710,949)</u>
Net Debt	<u>(5,399,572)</u>	<u>492,349</u>	<u>-</u>	<u>(4,907,223)</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2009	162
Issued in year	11
Cancelled in year	(12)
At 31st March 2010	<u>161</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

11. RESERVES

(a) Designated Reserves	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2009	142,188	490,977	633,165
Transfer from Revenue Reserves	-	233,590	233,590
At 31st March 2010	<u>142,188</u>	<u>724,567</u>	<u>866,755</u>

(b) Revenue Reserves	Total £
At 1st April 2009	426,676
Surplus for the Year	311,453
Transfer (to) Designated Reserves	(233,590)
At 31st March 2010	<u>504,539</u>

12. ACCOMMODATION

The number of units of accommodation in management at the year end was:-	2010 No.	2009 No.
General Needs - New Build	301	301
- Rehabilitation	140	141
	<u>441</u>	<u>442</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY RELATIONSHIPS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee is summarised as follows:

15 members are tenants of the Association

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

22. TRANSFER OF ASSETS

On 28th June 2010 the Association completed a Second Stage Transfer of 388 properties from The Glasgow Housing Association for a consideration of £2,191,127.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. PENSION SCHEMES (continued)

General

Wellhouse Housing Association Limited participates in the SFHA Pension Scheme.

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

The Scheme offers three benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.

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

Wellhouse Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31 March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2008.

The Trustee commissions an actuarial valuation of the Scheme every 3 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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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

As at the balance sheet date there were 3 active members of the Scheme employed by Wellhouse Housing Association Limited. The annual pensionable payroll in respect of these members was £100,034. Wellhouse 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 individual participating employers. SFHA is a multi-employer scheme where the scheme 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 Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. PENSIONER BENEFIT SCHEME (Continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

Financial Assumptions

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% p.a.
- Investment return pre-retirement	7.2
- Investment return post-retirement	4.9
- Rate of Salary increases	4.6
- Rate of pension increases:	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in years at age 65</i>	<i>Assumed life expectancy in years at age 65</i>
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. PENSION Schemes (continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable salaries)</i>
Final salary - 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

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.

Following consideration of the results of the valuation it was agreed that the shortfall of £54m would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

<i>Benefit Structure</i>	<i>Joint contribution rate (% of pensionable salaries)</i>
Final salary 60ths	23.1% comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9% comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9% comprising employer contributions of 11.9% and member contributions of 6.0%

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RELEVANT INFORMATION IN THE OTHER FINANCIAL STATEMENTS (Continued)

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The current triennial valuation, as at 30 September 2009, is being undertaken by a professionally qualified actuary. The provisional results of this valuation were issued by the SFHA Pension Scheme in May 2010. These figures show that the deficit on the scheme has increased from £53.6million to £160million. The funding level of liabilities, based on these figures, would be 64.8% (2006 - 83.4%).

As a result of this valuation the total contribution rate must increase on average by 7% of pensionable earnings for all existing benefit options structures from April 2011.

As a result of Pension Scheme legislation 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 buyout 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.