

Wellhouse Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2012

Registered Housing Association No.HAC281

FSA Reference No. 2469R (S)

Scottish Charity No. SC036552

WELLHOUSE HOUSING ASSOCIATION LIMITED

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MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2012

MANAGEMENT COMMITTEE

Willie Mulligan	Chair
Eddie Andrews	Vice Chair
Maureen McCormick	Secretary
Lesley Copeland	Treasurer
Mary Cawley	
Linda Granger	
Irene Blackwood	Resigned September 2011
Wilma Strang	
Carol Torrie	
Michelle Barratt	Resigned September 2011
Wendy Wilson	Resigned September 2011
Christina Rodgers	Appointed September 2011
Ina Ferrie	Appointed September 2011

EXECUTIVE OFFICERS

Joseph Williamson	Director
Yvonne Hague	Deputy Director
Emma Shields	Finance Team Leader
Katie Cameron	Housing Management Team Leader

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

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2012.

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.

Review of Business and Future Developments

This time last year we noted the organisation had undergone a period of significant change. Over the past year change has been a constant within Wellhouse Housing Association.

Since September 2011 we have lost 50% of staff as they left for a number of reasons. We operated under staff resource for many months.

We undertook a root and branch review of the organisation with the support of consultants Ashworth Black. This resulted in an increase in staff resources over the months we recruited 10 new members of staff.

In conjunction with the new staff we have introduced new staff development programmes a new induction programme and the Wellhouse Deal based on the concept of the psychological contract at work it details the rights and responsibilities of staff and their managers.

We are currently operating in difficult times at the macro and micro level for our Organisation, we face:

- Component accounting
- Welfare Reform
- Fuel Poverty
- Drive for value for money
- Need to better engage with our customers

These issues will all be priorities in the coming year.

In respect of new stock we are currently in discussions with Glasgow City Council in respect of a proposed 50 unit new build development. We are cautiously optimistic of receiving tender approval in the coming months.

Our Asset Management Strategy requires a significant investment in kitchens and bathrooms in the coming year.

One of our main goals will be to improve customer service to that end Choice Based Letting will be launched in the autumn. It is anticipated that a new radical way of allocating homes will energise applicants to become active partners in the process. It will also allow us to promote the community of Wellhouse as an attractive place to reside.

It is clear the next year will bring specific challenges, however we are confident we have the expertise, energy and resources to continue the on-going regeneration of the Wellhouse community

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012**

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 auditors are aware of that information.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012**

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 or 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.

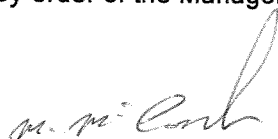
Donations

During the year the Association made charitable donations amounting to £320 (2011 £2,610).

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

30 August 2012

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
30 August 2012

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 2012 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. 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 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

Respective Responsibilities of Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that 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 on the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

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

Matters on which we are required to report by exception (contd.)

- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
30 August 2012

WELLHOUSE HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

	Notes	£	2012 £	£	Restated 2011 £
TURNOVER	2.		2,466,417		2,275,690
Operating Costs	2.		(1,716,808)		(1,608,315)
OPERATING SURPLUS	9.		749,609		667,375
Release of Negative Goodwill	21.	49,362		81,205	
Interest Receivable and Other Income		1,450		7,722	
Interest Payable and Similar Charges	8.	(219,573)		(199,319)	
			(168,761)		(110,392)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION			580,848		556,983
Tax on surplus on ordinary activities	10.		-		-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION			580,848		556,983

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012 £	Restated 2011 £
Surplus for the financial year	580,848	556,983
Prior year adjustment (as explained in Note 23)	(5,606)	-
Total gains recognised since last annual report	<u>575,242</u>	<u>556,983</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2012

	Notes	£	2012 £	£	Restated 2011 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		33,603,763		33,747,634
Less: Social Housing Grant	11.(a)		(24,169,541)		(24,192,125)
: Other Public Grants	11.(a)		(55,000)		(55,000)
			<hr/>		<hr/>
Other fixed assets	11.(b)		9,379,222		9,500,509
			812,247		408,750
			<hr/>		<hr/>
Negative Goodwill	21.		10,191,469		9,909,259
			(1,350,377)		(1,399,739)
CURRENT ASSETS					
Debtors	13.	198,811		215,706	
Cash at bank and in hand		1,356,187		1,655,881	
			<hr/>	<hr/>	
			1,554,998		1,871,587
CREDITORS: Amounts falling due within one year					
	14.	(564,359)		(829,795)	
			<hr/>	<hr/>	
NET CURRENT ASSETS			990,639		1,041,792
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,831,731		9,551,312
			<hr/>		<hr/>
CREDITORS: Amounts falling due after more than one year					
	15.		(7,386,033)		(7,686,472)
			<hr/>		<hr/>
NET ASSETS			2,445,698		1,864,840
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Share Capital	17.		190		180
Designated Reserves	18.(a)		1,631,319		1,240,984
Revenue Reserves	18.(b)		814,189		623,676
			<hr/>		<hr/>
			2,445,698		1,864,840
			<hr/>		<hr/>

The Financial Statements were approved by the Management Committee and signed on their behalf on 30 August 2012.

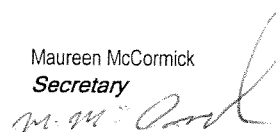
Willie Mulligan
Chairperson



Eddue Andrews
Vice-Chairperson



Maureen McCormick
Secretary



WELLHOUSE HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2012

	Notes	£	2012 £	Restated 2011 £
Net Cash Inflow from Operating Activities	16.		997,691	1,008,723
Returns on Investment and Servicing of Finance				
Interest Received		1,450	7,722	
Interest Paid		(206,009)	(199,319)	
Net Cash Outflow from Investment and Servicing of Finance			(204,559)	(191,597)
Capital Expenditure and Financial Investment				
Acquisition and Construction of Properties		(366,653)	(406,183)	
Purchase of Other Fixed Assets		(440,197)	(30,777)	
Social Housing Grant Received		8,700	397,215	
Social Housing Grant Repaid		-	(11,790)	
Other Grants Received		(4,250)	-	
Proceeds on Disposal of Properties		-	15,649	
Net Cash Outflow from Capital Expenditure and Financial Investment			(802,400)	(35,886)
Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing			(9,268)	781,240
Acquisition and Disposals				
Consideration paid to acquire properties managed by Wellhouse Tenants Direct			-	(2,192,127)
Financing				
Loan Advances Received		-	2,250,000	
Loan Principal Repayments		(290,439)	(279,477)	
Share Capital Issued		13	19	
Net Cash (Outflow) / Inflow from Financing			(290,426)	1,970,542
(Decrease) / Increase in Cash	16.		(299,694)	559,655

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

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 2010, 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

Retirement Benefits

The Association participates in the Scottish Housing Associations' 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. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Bathrooms	20 years
Kitchens	15 years
Boilers	15 years
Central Heating	30 years
Electrics	30 years
Attic Insulation	25 years
Windows	35 years
Close Doors	20 years
External Doors	20 years
Guttering	25 years
Rendering	50 years
Roofs	50 years
Structure	50 years

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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	2% to 3 1/3%
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 attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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.

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.

Negative Goodwill

Negative goodwill created through transfer of engagements is written off to the Income and Expenditure account as the non-cash assets acquired are depreciated or sold.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2012			2011 - Restated		
		Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	2,406,950	1,619,164	787,786	2,095,876	1,445,800	650,076
Other Activities	4.	59,467	97,644	(38,177)	179,814	162,515	17,299
Total		2,466,417	1,716,808	749,609	2,275,690	1,608,315	667,375

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared ownership	2012 Total	Restated 2011 Total
	£	£	£	£	£
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,383,105	-	-	2,383,105	2,042,729
Service Charges Receivable	74,117	-	-	74,117	79,238
Gross Rents Receivable	2,457,222	-	-	2,457,222	2,121,967
Less: Rent losses from voids	50,272	-	-	50,272	26,091
Net Rents Receivable	2,406,950	-	-	2,406,950	2,095,876
Total Income From Social Letting	2,406,950	-	-	2,406,950	2,095,876
Expenditure on Social Letting Activities					
Service Costs	74,117	-	-	74,117	65,307
Management and maintenance administration costs	622,119	-	-	622,119	591,008
Reactive Maintenance	429,649	-	-	429,649	271,874
Bad Debts - Rents and Service Charges	37,443	-	-	37,443	30,683
Planned and Cyclical Maintenance, including Major Repairs	157,300	-	-	157,300	206,713
Depreciation of Social Housing	298,536	-	-	298,536	280,215
Operating Costs of Social Letting	1,619,164	-	-	1,619,164	1,445,800
Operating Surplus on Social Letting Activities	787,786	-	-	787,786	650,076
2011 (as restated)	650,076	-	-		

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. 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	Operating Costs Other	Operating Surplus / (Deficit) 2012	Operating Surplus / (Deficit) 2011
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	18,120	(18,120)	(29,441)
Factoring	-	-	-	28,972	28,972	-	-	28,972	-
Other Agency or Management Services	-	-	-	28,588	28,588	-	22,823	5,765	43,830
Development of Property for sale to RSLs	-	-	-	-	-	-	-	-	(11,771)
Other Income	-	-	-	1,907	1,907	-	-	1,907	22,847
Depreciation Other	-	-	-	-	-	-	36,701	(36,701)	(8,166)
WCT Contribution	-	-	-	-	-	-	20,000	(20,000)	-
Total From Other Activities	-	-	-	59,467	59,467	-	97,644	(38,177)	17,299
2011	-	-	-	179,814	179,814	-	162,515	17,299	

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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.

	2012	2011
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>73,022</u>	<u>68,538</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,182</u>	<u>9,563</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>73,022</u>	<u>68,538</u>

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

	Number	Number
£60,001 to £70,000	-	1
£70,001 to £80,000	1	-

6. EMPLOYEE INFORMATION

	2012	2011
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>11</u>	<u>10</u>
The average total number of Employees employed during the year was	<u>11</u>	<u>11</u>
Staff Costs were:	£	£
Wages and Salaries	265,835	334,617
Social Security Costs	114,186	29,686
Other Pension Costs	35,230	24,537
Temporary, Agency and Seconded Staff	62,019	-
	<u>477,270</u>	<u>388,840</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2012	2011
	£	£
Sales Proceeds	-	15,649
Cost of Sales	-	15,649
Gain On Sale Of Housing Stock	-	-

8. INTEREST PAYABLE

	2012	2011
	£	£
On Bank Loans & Overdrafts	219,573	199,319

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012	2011
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	327,851	300,493
Auditors' Remuneration - Audit Services	6,655	6,866
- Other Services	6,301	740
Operating Lease Rentals - Other	16,268	12,079

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
As at 1st April 2011- restated	34,666,675	397,760	35,064,435
Additions	165,539	20,411	185,950
Disposals	(43,169)	-	(43,169)
As at 31st March 2012	34,789,045	418,171	35,207,216
DEPRECIATION			
As at 1st April 2011- restated	1,316,801	-	1,316,801
Charge for Year	291,151	-	291,151
Disposals	(4,499)	-	(4,499)
As at 31st March 2012	1,603,453	-	1,603,453
SOCIAL HOUSING GRANT			
As at 1st April 2011- restated	23,837,991	354,134	24,192,125
Additions	8,700	-	8,700
Disposals	(31,284)	-	(31,284)
As at 31st March 2012	23,815,407	354,134	24,169,541
OTHER CAPITAL GRANTS			
As at 1st April 2011- restated	55,000	-	55,000
As at 31st March 2012	55,000	-	55,000
NET BOOK VALUE			
As at 31st March 2012	9,315,185	64,037	9,379,222
As at 31st March 2011	9,456,883	43,626	9,500,509

Additions to housing properties includes capitalised development administration costs of £19,610 (2011 - £26,540) and capitalised replacement component costs to existing properties of £134,425 (2011 £110,548)

All land and housing properties are freehold.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Motor Vehicle £	Commercial Property £	Office Premises £	Furniture & Equipment £	Total £
COST					
As at 1st April 2011- restated	-	167,675	1,395,549	188,961	1,752,185
Additions	19,200	402,221	-	18,776	440,197
As at 31st March 2012	19,200	569,896	1,395,549	207,737	2,192,382
GRANTS RECEIVED					
As at 1st April 2011- restated	-	-	1,085,240	-	1,085,240
As at 31st March 2012	-	-	1,085,240	-	1,085,240
AGGREGATE DEPRECIATION					
As at 1st April 2011- restated	-	68,478	35,861	153,856	258,195
Charge for year	4,800	12,530	5,449	13,921	36,700
As at 31st March 2012	4,800	81,008	41,310	167,777	294,895
NET BOOK VALUE					
As at 31st March 2012	14,400	488,888	268,999	39,960	812,247
As at 31st March 2011	-	99,197	274,448	35,105	408,750

12. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2012	2011
	£	£
Other		
Expiring within one year	452	-
Expiring between two and five years	16,272	27,446
Expiring in over five years	696	-

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBTORS

	2012 £	2011 £
Arrears of Rent & Service Charges	235,924	185,000
Less: Provision for Doubtful Debts	(104,116)	(39,558)
	<u>131,808</u>	<u>145,442</u>
Other Debtors	67,003	70,264
	<u>198,811</u>	<u>215,706</u>

14. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Housing Loans	297,500	287,500
Trade Creditors	206,205	462,565
Rent in Advance	16,143	11,337
Other Taxation and Social Security	23,623	9,236
Other Creditors	20,888	59,157
	<u>564,359</u>	<u>829,795</u>

At the balance sheet date there were pension contributions outstanding of £4,263 (2011 £3,812)

15. CREDITORS: Amounts falling due after more than one year

	2012 £	2011 £
Housing Loans	<u>7,386,033</u>	<u>7,686,472</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	297,500	287,500
Between one and two years	301,500	291,500
Between two and five years	928,500	898,500
In five years or more	6,156,033	6,496,472
	<u>7,683,533</u>	<u>7,973,972</u>
Less: Amount shown in Current Liabilities	297,500	287,500
	<u>7,386,033</u>	<u>7,686,472</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH FLOW STATEMENT

Reconciliation of operating surplus to net cash inflow from operating activities

	2012 £	2011 £
Operating Surplus	749,609	667,375
Depreciation	335,236	300,493
Change in Debtors	21,145	(46,060)
Change in Creditors	(108,296)	86,915
Share Capital Written Off	(3)	-
Net Cash Inflow from Operating Activities	<u>997,691</u>	<u>1,008,723</u>

Reconciliation of net cash flow to movement in net debt

	2012 £	£	2011 £	£
(Decrease) / Increase in Cash	(299,694)		559,655	
Cash flow from change in debt	<u>290,439</u>		<u>(1,970,523)</u>	
Movement in net debt during year		(9,255)		(1,410,868)
Net debt at 1st April 2011		<u>(6,318,091)</u>		<u>(4,907,223)</u>
Net debt at 31st March 2012		<u>(6,327,346)</u>		<u>(6,318,091)</u>

Analysis of changes in net debt

	At 01.04.11 £	Cash Flows £	Other Changes £	At 31.03.12 £
Cash at bank and in hand	1,655,881	(299,694)		1,356,187
Debt: Due within one year	(287,500)	287,500	(297,500)	(297,500)
Due after more than one year	<u>(7,686,472)</u>	<u>2,939</u>	<u>297,500</u>	<u>(7,386,033)</u>
Net Debt	<u>(6,318,091)</u>	<u>(9,255)</u>	<u>-</u>	<u>(6,327,346)</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2011	180
Issued in year	13
Cancelled in year	(3)
At 31st March 2012	<u>190</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.

18. RESERVES

(a) Designated Reserves

	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2011	142,188	1,098,796	1,240,984
Transfer to / (from) Revenue Res	-	390,335	390,335
At 31st March 2012	<u>142,188</u>	<u>1,489,131</u>	<u>1,631,319</u>

(b) Revenue Reserves

	Total £
At 1st April 2011 (as previously stated)	629,282
Prior year adjustment	(5,606)
At 1st April 2011 (as restated)	623,676
Surplus for the year	580,848
Transfer (to) / from Designated Reserves	(390,335)
At 31st March 2012	<u>814,189</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2012 No.	2011 No.
General Needs - New Build	301	301
- Rehabilitation	528	528
	<u>829</u>	<u>829</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS

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:

10 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.

Three members of the Management Committee are also Trustees of Wellhouse Community Trust.

During the year Wellhouse Community Trust charged the Association £51,228 for close cleaning and maintenance work. The Trust also charged the Association £14,202 for salary recharges. At the year end the net amount due to the Trust was £11,868 (2011: £20,000).

21. NEGATIVE GOODWILL

	2012 £
Balance as at 1st April 2011	1,399,739
Release during the year	(49,362)
As at 31st March 2012	<u>1,350,377</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RETIREMENT BENEFIT OBLIGATIONS

General

Wellhouse Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

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

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

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 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 values. 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 9.6% of pensionable salaries. Member contributions were 9.6%.

Housing Association Limited. The annual pensionable payroll in respect of these members was £168,728. 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 as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th 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 £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (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 30th 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 a 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%.

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2009 were as follows:

	% p.a.
- Investment return pre-retirement	7.4
- Investment return post-retirement - non pensioners	4.6
- Investment return post-retirement - pensioners	4.8
- Rate of Salary increases	4.5
- Rate of pension increases:	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RETIREMENT BENEFIT OBLIGATIONS (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	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

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 £160m would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1st April 2011, increasing each 1 April in line with the rate of salary increases assumption.

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.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. PRIOR YEAR ADJUSTMENT

The Statement of Recommended Practice - Accounting by Registered Social Landlords 2010 (SORP) was adopted by the Association this year. Under the SORP Negative Goodwill is required to be classified under Assets as opposed to Reserves. This change has no effect on the level of the previously reported surpluses or reserves of the Association. In addition the Housing Association has implemented component accounting.

During the year, the Association changed its accounting policy in relation to housing properties and depreciation, as detailed in Note 1 of the Financial Statements, in order to incorporate component accounting. Major repairs which relate to identified components are capitalised, with major components being depreciated over the estimated useful economic lives of each identified component.

As a result of the change in accounting policy, a prior year adjustment has been required under Financial Reporting Standard 3 - Reporting Financial Performance and Financial Reporting Standard 18 - Accounting Policies.

The effect of adopting component accounting has been to decrease reserves and the value of fixed assets as at 1 April 2010 by £63,617.

The surplus for the year ended 31 March 2011 has been increased by £58,011 as a result of the prior year adjustment. The breakdown of the effect on the Balance Sheet and Income and Expenditure Account is shown below:

The figures in the 2011 Financial Statements have been adjusted as follows:

	Reported in 2011 Accounts £	Restated 2011 figures £	Change £
Housing Property	9,534,667	9,500,509	34,158
Office Premises	266,276	274,448	(8,172)
Negative Goodwill	(1,420,119)	(1,399,739)	(20,380)
Revenue Reserves	<u>629,282</u>	<u>623,676</u>	<u>5,606</u>
Release of Negative Goodwill	(60,825)	(81,205)	20,380
Housing Depreciation Charge	206,547	280,215	(73,668)
Other Depreciation Charge	21,029	20,278	751
Major Repairs Charge	<u>317,261</u>	<u>206,713</u>	<u>110,548</u>

Credit balances in the above table are shown in brackets.