

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.

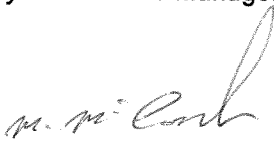
Donations

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	575,242	556,983

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)
		<u>9,379,222</u>	<u>9,500,509</u>
Other fixed assets	11.(b)	812,247	408,750
		<u>10,191,469</u>	<u>9,909,259</u>
Negative Goodwill	21.	(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
		<u>1,554,998</u>	<u>1,871,587</u>
CREDITORS: Amounts falling due within one year	14.	(564,359)	(829,795)
NET CURRENT ASSETS		<u>990,639</u>	<u>1,041,792</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,831,731</u>	<u>9,551,312</u>
CREDITORS: Amounts falling due after more than one year	15.	(7,386,033)	(7,686,472)
NET ASSETS		<u>2,445,698</u>	<u>1,864,840</u>
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
		<u>2,445,698</u>	<u>1,864,840</u>

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

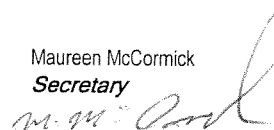
Willie Mulligan
Chairperson



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

WELLHOUSE HOUSING ASSOCIATION LIMITED

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	-	-		

