

Wellhouse Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2013

Registered Housing Association No.HAC281

FCA 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	8
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	8
BALANCE SHEET	9
CASH FLOW STATEMENT	10
NOTES TO THE FINANCIAL STATEMENTS	11

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2013

MANAGEMENT COMMITTEE

Lesley Copeland	Chair
Eddie Andrews	Vice Chair
Maureen McCormick	Secretary
Willie Mulligan	Treasurer
Mary Cawley	
Linda Granger	
Wilma Strang	
Carol Torrie	
Christina Rodgers	Resigned 13/09/12
Ina Ferrie	
Arthur Thackeray	Elected 13/09/12
Donna Thomson	Elected 13/09/12
Katie Gould	Elected 13/09/12
Maureen Morris	Elected 13/09/12

EXECUTIVE OFFICERS

Joseph Williamson	Director
Yvonne Hague	Deputy Director
Emma Shields	Finance Team Leader
Katie Cameron	Senior Policy & Performance 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

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2013.

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

Wellhouse Housing Association has undergone a year of significant change. A major re-structure, the recruitment of 11 new staff has resulted in a period of reflection and consolidation.

Our reflection concentrated on the challenges facing social rented housing at present, how best to shape our organisation to meet those challenges we focussed on business planning, improving staff relations and recruitment / induction processes.

We have developed the Wellhouse Deal a unique contract between employee and employer based on the concept of the psychological contract.

In respect of performance we have seen a steady improvement in all Key Performance Indicators.

The organisation took a great deal of time and effort preparing for the first wave of Welfare Reform the 'bedroom tax'. We are well placed to ameliorate the potential loss of income.

We anticipate a site start on a 50 home new build development in the next few months. There were a number of favourable conditions which allowed us to develop under such a strict financial regime.

We have recently developed our next three year Business Plan. RSLs are clearly operating in a challenging environment. Our new plan reflects the expectations of the Scottish Social Housing Charter and the Annual Return on the Charter.

To reflect our ethos we are pursuing gold accreditation in respect of Investors In People

Over the coming years we anticipate a change of emphasis in respect of our core business. The Scottish Housing Regulator expects greater customer involvement in all aspects of our service. This combined with a decline in Local Authority services and Welfare Reform will result in a more advocacy based service rather than the traditional tenant - landlord relationship.

At the time of writing this review we have established a strong, dynamic and committed staff and management committee. We have a vision of what we wish to achieve and are prepared for the challenges ahead

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

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 2010 and the Determination of Accounting Requirements 2012. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. 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 2013**

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 £650 (2012 £320).

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

29 August 2013



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
29 August 2013

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 2013 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 work, for this report, or for the opinions we have formed.

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 2013 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 2010 and the Determination of Accounting Requirements 2012.

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
29 August 2013

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
TURNOVER	2.		2,575,104		2,466,417
Operating Costs	2.		(2,169,176)		(1,716,808)
OPERATING SURPLUS	8.		405,928		749,609
Release of Negative Goodwill	21.	49,362		49,362	
Interest Receivable and Other Income		4,030		1,450	
Interest Payable and Similar Charges	7.	(252,367)		(219,573)	
			(198,975)		(168,761)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION			206,953		580,848
Tax on surplus on ordinary activities	9.		-		-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION			206,953		580,848

All amounts relate to continuing activities.

Historical cost surpluses and deficits are identical to those shown in the accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2013 £	2012 £
Surplus for the financial year	206,953	580,848
Prior year adjustment	-	(5,606)
Total gains recognised since last annual report	<u>206,953</u>	<u>575,242</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	10.(a)		33,783,687		33,603,763
Less: Social Housing Grant	10.(a)		(24,142,024)		(24,169,541)
: Other Public Grants	10.(a)		(55,000)		(55,000)
			<hr/>		<hr/>
			9,586,663		9,379,222
Other fixed assets	10.(b)		807,589		812,247
			<hr/>		<hr/>
			10,394,252		10,191,469
			<hr/>		<hr/>
Negative Goodwill	21.		(1,301,015)		(1,350,377)
			<hr/>		<hr/>
CURRENT ASSETS					
Debtors	13.	209,748		198,811	
Cash at bank and in hand		5,656,462		1,356,187	
		<hr/>		<hr/>	
		5,866,210		1,554,998	
CREDITORS: Amounts falling due within one year					
	14.	(445,639)		(564,359)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			5,420,571		990,639
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			14,513,808		9,831,731
			<hr/>		<hr/>
CREDITORS: Amounts falling due after more than one year					
	15.		(11,861,162)		(7,386,033)
			<hr/>		<hr/>
NET ASSETS			2,652,646		2,445,698
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Share Capital	17.		185		190
Designated Reserves	18.(a)		1,788,744		1,631,319
Revenue Reserves	18.(b)		863,717		814,189
			<hr/>		<hr/>
			2,652,646		2,445,698
			<hr/>		<hr/>

The Financial Statements were approved by the Management Committee and signed on their behalf on 29 August 2013.

Chairperson



Vice-Chairperson



Secretary



WELLHOUSE HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
Net Cash Inflow from Operating Activities	16.		755,621		997,691
Returns on Investment and Servicing of Finance					
Interest Received		4,030		1,450	
Interest Paid		(233,736)		(206,009)	
Net Cash Outflow from Investment and Servicing of Finance			(229,706)		(204,559)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(563,854)		(366,653)	
Purchase of Other Fixed Assets		(34,932)		(440,197)	
Social Housing Grant Received		20,760		8,700	
Other Grants Received		4,250		(4,250)	
Net Cash Outflow from Capital Expenditure and Financial Investment			(573,776)		(802,400)
Net Cash Outflow before use of Liquid Resources and Financing			(47,861)		(9,268)
Financing					
Loan Advances Received		8,132,471		-	
Loan Redemption Payments		-		(290,439)	
Loan Principal Repayments		(3,784,342)			
Share Capital Issued		6		13	
Net Cash Inflow / (Outflow) from Financing			4,348,135		(290,426)
Increase / (decrease) in Cash	16.		4,300,275		(299,694)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 Determination of Accounting Requirements 2012. 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 Scottish Housing Associations' Defined Benefit 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 10. 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 2013

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% - 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 the grant received.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2013			2012		
		Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	2,528,650	2,043,418	485,232	2,406,950	1,619,164	787,786
Other Activities	4.	46,454	125,758	(79,304)	59,467	97,644	(38,177)
Total		2,575,104	2,169,176	405,928	2,466,417	1,716,808	749,609

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared ownership	2013 Total	2012 Total
	£	£	£	£	£
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,495,064	-	-	2,495,064	2,383,105
Service Charges Receivable	75,943	-	-	75,943	74,117
Gross Rents Receivable	2,571,007	-	-	2,571,007	2,457,222
Less: Rent losses from voids	42,357	-	-	42,357	50,272
Net Rents Receivable	2,528,650	-	-	2,528,650	2,406,950
Revenue Grants from Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	2,528,650	-	-	2,528,650	2,406,950
Expenditure on Social Letting Activities					
Service Costs	75,943	-	-	75,943	74,117
Management and maintenance administration costs	772,154	-	-	772,154	622,119
Reactive Maintenance	694,012	-	-	694,012	429,649
Bad Debts - Rents and Service Charges	65,261	-	-	65,261	37,443
Planned and Cyclical Maintenance, including Major Repairs	100,395	-	-	100,395	157,300
Depreciation of Social Housing	335,653	-	-	335,653	298,536
Operating Costs of Social Letting	2,043,418	-	-	2,043,418	1,619,164
Operating Surplus on Social Letting Activities	485,232	-	-	485,232	787,786
2012	787,786	-	-		

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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) 2013 £	Operating Surplus /(Deficit) 2012 £
Wider Role Activities	-	-	-	-	-	-	34,071	(34,071)	(18,120)
Factoring	-	-	-	9,690	9,690	-	-	9,690	28,972
Other Agency or Management Services	-	-	-	36,561	36,561	-	52,097	(15,536)	5,765
Other Income	-	-	-	203	203	-	-	203	1,907
Depreciation Other	-	-	-	-	-	-	39,590	(39,590)	(36,701)
WCT Contribution	-	-	-	-	-	-	-	-	(20,000)
Total From Other Activities	-	-	-	46,454	46,454	-	125,758	(79,304)	(38,177)
2012	-	-	-	59,467	59,467	-	97,644	(38,177)	

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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.

2013 2012

£ £

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

72,148 73,022

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

6,343 6,182

Emoluments payable to Chief Executive (excluding pension contributions)

72,148 73,022

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
£70,001 to £80,000	1	1

6. EMPLOYEE INFORMATION

2013 2012

No. No.

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

16 11

The average total number of Employees employed during the year was

16 11

Staff Costs were:

£ £

Wages and Salaries

365,295 265,835

Social Security Costs

150,844 114,186

Other Pension Costs

40,688 35,230

Temporary, Agency and Seconded Staff

59,884 62,019

616,711 477,270

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INTEREST PAYABLE

	2013	2012
	£	£
On Bank Loans & Overdrafts	<u>252,367</u>	<u>219,573</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £32224 (2012 £0).

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	341,195	327,851
Auditors' Remuneration - Audit Services	6,700	6,655
- Other Services	240	6,301
Operating Lease Rentals - Other	<u>17,420</u>	<u>16,268</u>

9. 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 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
As at 1st April 2012	34,789,045	418,171	35,207,216
Additions	539,514	24,340	563,854
Disposals	(90,313)	-	(90,313)
Schemes Completed	-	-	-
As at 31st March 2013	35,238,246	442,511	35,680,757
DEPRECIATION			
As at 1st April 2012	1,603,453	-	1,603,453
Charge for Year	301,605	-	301,605
Disposals	(7,988)	-	(7,988)
As at 31st March 2013	1,897,070	-	1,897,070
SOCIAL HOUSING GRANT			
As at 1st April 2012	23,815,407	354,134	24,169,541
Additions	20,760	-	20,760
Disposals	(48,277)	-	(48,277)
Schemes Completed	-	-	-
As at 31st March 2013	23,787,890	354,134	24,142,024
OTHER CAPITAL GRANTS			
As at 1st April 2012	55,000	-	55,000
Additions	-	-	-
Disposals	-	-	-
Schemes Completed	-	-	-
As at 31st March 2013	55,000	-	55,000
NET BOOK VALUE			
As at 31st March 2013	9,498,286	88,377	9,586,663
As at 31st March 2012	9,315,185	64,037	9,379,222

Additions to housing properties includes capitalised development administration costs of £24,340 (2012 - £19,610) and capitalised major repair costs to existing properties of £459,167 (2012 £134,425)

All land and housing properties are freehold.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Commercial Property £	Motor Vehicle £	Office Premises £	Furniture & Equipment £	Total £
COST					
As at 1st April 2012	569,896	19,200	1,395,549	207,737	2,192,382
Additions	18,462	-	-	16,470	34,932
As at 31st March 2013	588,358	19,200	1,395,549	224,207	2,227,314
GRANTS RECEIVED					
As at 1st April 2012	-	-	1,085,240	-	1,085,240
As at 31st March 2013	-	-	1,085,240	-	1,085,240
AGGREGATE DEPRECIATION					
As at 1st April 2012	81,008	4,800	41,310	167,777	294,895
Charge for year	12,900	4,800	5,449	16,441	39,590
As at 31st March 2013	93,908	9,600	46,759	184,218	334,485
NET BOOK VALUE					
As at 31st March 2013	494,450	9,600	263,550	39,989	807,589
As at 31st March 2012	488,888	14,400	268,999	39,960	812,247

11. CAPITAL COMMITMENTS

	2013 £	2012 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	4,586,126	-

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

12. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2013 £	2012 £
Other		
Expiring within one year	452	452
Expiring between two and five years	16,968	16,272
Expiring in over five years	-	696

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBTORS

	2013 £	2012 £
Arrears of Rent & Service Charges	222,955	235,924
Less: Provision for Doubtful Debts	(112,100)	(104,116)
	<u>110,855</u>	<u>131,808</u>
Other Debtors	98,893	67,003
	<u>209,748</u>	<u>198,811</u>

14. CREDITORS: Amounts falling due within one year

	2013 £	2012 £
Housing Loans	170,500	297,500
Trade Creditors	211,186	206,205
Rent in Advance	6,969	16,143
Other Taxation and Social Security	12,622	23,623
Other Creditors	44,361	20,888
	<u>445,639</u>	<u>564,359</u>

At the balance sheet date there were pension contributions outstanding of £16,960 (2012 £4,263)

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

	2013 £	2012 £
Housing Loans	<u>11,861,162</u>	<u>7,386,033</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	170,500	297,500
Between one and two years	173,000	301,500
Between two and five years	534,000	928,500
In five years or more	<u>11,154,162</u>	<u>6,156,033</u>
	12,031,662	7,683,533
Less: Amount shown in Current Liabilities	<u>170,500</u>	<u>297,500</u>
	<u>11,861,162</u>	<u>7,386,033</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>		2013 £	2012 £	
Operating Surplus		405,928	749,609	
Depreciation		375,243	335,236	
Change in Debtors		(15,187)	21,145	
Change in Creditors		(10,351)	(108,296)	
Share Capital Written Off		(11)	(3)	
Net Cash Inflow from Operating Activities		<u>755,621</u>	<u>997,691</u>	
<i>Reconciliation of net cash flow to movement in net debt</i>				
	2013 £	£	2012 £	£
Increase / (decrease) in Cash	4,300,275		(299,694)	
Cash flow from change in debt	<u>(4,348,129)</u>		<u>290,439</u>	
Movement in net debt during year		(47,854)		(9,255)
Net debt at 1st April 2012		<u>(6,327,346)</u>		<u>(6,318,091)</u>
Net debt at 31st March 2013		<u><u>(6,375,200)</u></u>		<u><u>(6,327,346)</u></u>
<i>Analysis of changes in net debt</i>				
	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	1,356,187	4,300,275		5,656,462
Bank Overdrafts	-	-		-
	<u>1,356,187</u>	<u>4,300,275</u>		<u>5,656,462</u>
Debt: Due within one year	(297,500)	3,784,342	(3,657,342)	(170,500)
Due after more than one year	<u>(7,386,033)</u>	<u>(8,132,471)</u>	<u>3,657,342</u>	<u>(11,861,162)</u>
Net Debt	<u>(6,327,346)</u>	<u>(47,854)</u>	-	<u>(6,375,200)</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2012	190
Issued in year	6
Cancelled in year	(11)
At 31st March 2013	<u>185</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 2012	142,188	1,489,131	1,631,319
Transfer to / (from) Revenue Reserves	-	157,425	157,425
At 31st March 2013	<u>142,188</u>	<u>1,646,556</u>	<u>1,788,744</u>
(b) Revenue Reserves			Total £
At 1st April 2012			814,189
Surplus for the year			206,953
Transfer (to) / from Designated Reserves			(157,425)
At 31st March 2013			<u>863,717</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2013 No.	2012 No.
General Needs - New Build	301	301
- Rehabilitation	529	528
	<u>830</u>	<u>829</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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:

11 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 Connect Community Trust.

During the year Connect Community Trust charged the association £1,396 for maintenance work. The Association charged the Trust £1,217 in the year. At the balance sheet date £22,000 was outstanding from the Trust.

21. NEGATIVE GOODWILL

	2013 £
Balance as at 1st April 2012	1,350,377
Release during the year	(49,362)
As at 31st March 2013	<u>1,301,015</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 £260,413. 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method.. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

**Financial
Assumptions**

The financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation	
RPI	2.6
CPI	2.0

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 2013

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)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

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.

The trustees have recently supplied Wellhouse Housing Association with an updated contribution figure to the past service deficit. From 1 April 2014 Wellhouse will be required to pay £48,555 per annum as a contribution to the past service deficit with contributions increasing each April by 3%. This represents an increase of 160% in Wellhouse's contribution to the past service deficit.

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.