
Wellhouse Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2014

Registered Housing Association No.HAC281

FCA 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 2014

MANAGEMENT COMMITTEE

Lesley Copeland	Chair
Eddie Andrews	Vice Chair
Maureen McCormick	Secretary
Willie Mulligan	Treasurer
Mary Cawley	Resigned January 2014
Linda Granger	
Wilma Strang	
Carol Torrie	
Ina Ferrie	Resigned September 2013
Arthur Thackeray	Resigned September 2013
Donna Thomson	Resigned January 2014
Katie Gould	
Maureen Morris	

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 2014**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2014.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 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 Limited has continued to grow and develop as an organisation. Our planning and preparations for the introduction of welfare reform has ensured there was no detrimental impact on our cash flows.

We have produced our first Annual return on the Charter and are delighted to report outstanding performance across all the categories.

The introduction of Choice based Lettings has been a notable success. It has provided a positive experience for prospective tenants and current tenants aspiring to move to a new home.

Our Phase 7 development went on site in March 2014. A £4.5 million project of 38 homes for rent, 10 for Low Cost Home Ownership and a Children's Home.

We have also secured support from Glasgow City Council / Development and Regeneration Services to fund two feasibility studies, firstly to examine the potential development of units to assist Social Work current priorities. Secondly we are keen to develop a new model of Independent Living for the Elderly, combining the opportunity to remain living in the community within suitable accommodation with support services provided by the community.

Community Empowerment remains a cornerstone of our activities. We will continue to seek the views of local people in everything we do and support them through a range of services to reach their potential.

We plan to hold a number of 'local surgeries' in the community over the coming months. We will also build our social media presence on Facebook and Twitter.

Our current team demonstrate on a daily basis that they have the experience, passion and commitment to ensure our continued development and success.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2014**

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. Tenants of the Association may purchase our shares of £1.

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 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 accounting 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;

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 Co-operative and Community Benefit Societies Act 2014, 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 each member of the Management Committee is 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 members of 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 2014

Donations

During the year the Association made charitable donations amounting to £nil (2013 £650).

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
23 September 2014



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 2014 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 87 of the Co-operative and Community Benefit Societies Act 2014. 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, is 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. 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 2014 and of its surplus 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 Co-operative and Community Benefit Societies Act 2014, 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.

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

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

- 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.
- 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
23 September 2014

WELLHOUSE HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

	Notes	£	2014 £	£	2013 £
TURNOVER	2.		2,709,419		2,575,104
Operating Costs	2.		(2,043,749)		(2,169,176)
OPERATING SURPLUS	9.		665,670		405,928
Gain On Sale Of Housing Stock	7.	-		-	
Release of Negative Goodwill	22.	49,362		49,362	
Interest Receivable and Other Income		24,086		4,030	
Interest Payable and Similar Charges	8.	(330,394)		(252,367)	
			(256,946)		(198,975)
SURPLUS FOR THE YEAR			408,724		206,953

All amounts relate to continuing activities.

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

The notes on Pages 11 to 26 form an integral part of these Financial Statements.

WELLHOUSE HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2014

	Notes	£	2014 £	£	2013 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		34,756,002		33,783,687
Less: Social Housing Grant	11.(a)		(24,982,899)		(24,142,024)
: Other Public Grants	11.(a)		(54,802)		(55,000)
			<u>9,718,301</u>		<u>9,586,663</u>
Other fixed assets	11.(b)		808,534		807,589
			<u>10,526,835</u>		<u>10,394,252</u>
Negative Goodwill	22.		(1,251,653)		(1,301,015)
CURRENT ASSETS					
Debtors	14.	190,191		209,748	
Cash at bank and in hand		<u>5,721,832</u>		<u>5,656,462</u>	
		5,912,023		5,866,210	
CREDITORS: Amounts falling due within one year	15.	<u>(2,852,706)</u>		<u>(445,639)</u>	
NET CURRENT ASSETS			<u>3,059,317</u>		<u>5,420,571</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,334,499</u>		<u>14,513,808</u>
CREDITORS: Amounts falling due after more than one year	16.		<u>(9,272,846)</u>		<u>(11,861,162)</u>
NET ASSETS			<u>3,061,653</u>		<u>2,652,646</u>
CAPITAL AND RESERVES					
Share Capital	18.		468		185
Designated Reserves	19.(a)		2,095,290		1,788,744
Revenue Reserves	19.(b)		965,895		863,717
			<u>3,061,653</u>		<u>2,652,646</u>

The Financial Statements were approved and authorised for issue by the Management Committee and signed on their behalf on 23 September 2014.

Chairperson



Vice-Chairperson



Secretary



The notes on Pages 11 to 26 form an integral part of these Financial Statements.

WELLHOUSE HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED

31st MARCH 2014

	Notes	£	2014 £	£	2013 £
Net Cash Inflow from Operating Activities	17.		1,106,870		755,621
Returns on Investment and Servicing of Finance					
Interest Received		24,086		4,030	
Interest Paid		(330,394)		(233,736)	
Net Cash Outflow from Investment and Servicing of Finance			(306,308)		(229,706)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(1,508,986)		(563,854)	
Purchase of Other Fixed Assets		(56,540)		(34,932)	
Social Housing Grant Received		1,012,720		20,760	
Social Housing Grant Repaid		(5,808)		-	
Other Grants Received		-		4,250	
Proceeds on Disposal of Properties		17,778		-	
Proceeds on Disposal of Other Fixed Assets		12,000		-	
Net Cash Outflow from Capital Expenditure and Financial Investment			(528,836)		(573,776)
Net Cash Inflow / (Outflow) before use of Liquid Resources and Financing			271,726		(47,861)
Financing					
Loan Advances Received		-		8,132,471	
Loan Principal Repayments		(206,659)		(3,784,342)	
Share Capital Issued		303		6	
Net Cash (Outflow) / Inflow from Financing			(206,356)		4,348,135
Increase in Cash	17.		65,370		4,300,275

The notes on Pages 11 to 26 form an integral part of these Financial Statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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 and is recognised as the service is provided.

Retirement Benefits

The Association participates in the Scottish Housing Association 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 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 2014

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%
Furniture and Fittings	20%
Commercial Properties	2%

The carrying values 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 any gain or loss on disposal accounted for in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal with any gain or 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 2014

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.

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 monetary 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 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2014			2013		
		Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	2,643,347	1,886,826	756,521	2,528,650	2,043,418	485,232
Other Activities	4.	66,072	156,923	(90,851)	46,454	125,758	(79,304)
Total		2,709,419	2,043,749	665,670	2,575,104	2,169,176	405,928

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared ownership	2014 Total	2013 Total
	£	£	£	£	£
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,595,003	-	-	2,595,003	2,495,064
Service Charges Receivable	68,862	-	-	68,862	75,943
Gross Rents Receivable	2,663,865	-	-	2,663,865	2,571,007
Less: Rent losses from voids	20,518	-	-	20,518	42,357
Net Rents Receivable	2,643,347	-	-	2,643,347	2,528,650
Total Income From Social Letting	2,643,347	-	-	2,643,347	2,528,650
Expenditure on Social Letting Activities					
Service Costs	68,862	-	-	68,862	75,943
Management and maintenance administration costs	735,163	-	-	735,163	772,154
Reactive Maintenance	471,751	-	-	471,751	694,012
Bad Debts - Rents and Service Charges	(13,930)	-	-	(13,930)	65,261
Planned and Cyclical Maintenance, including Major Repairs	267,140	-	-	267,140	100,395
Depreciation of Social Housing	357,840	-	-	357,840	335,653
Operating Costs of Social Letting	1,886,826	-	-	1,886,826	2,043,418
Operating Surplus on Social Letting Activities	756,521	-	-	756,521	485,232
2013	485,232	-	-		

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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) 2014 £	Operating Surplus /(Deficit) 2013 £
Wider Role Activities	-	-	-	-	-	-	37,842	(37,842)	(34,071)
Factoring	-	-	-	10,115	10,115	-	-	10,115	9,690
Other Agency or Management Services	-	-	-	37,596	37,596	-	54,219	(16,623)	(15,536)
Other Income	-	-	-	18,361	18,361	-	-	18,361	203
Depreciation Other	-	-	-	-	-	-	44,862	(44,862)	(39,590)
Other Activities	-	-	-	-	-	-	20,000	(20,000)	-
Total From Other Activities	-	-	-	66,072	66,072	-	156,923	(90,851)	(79,304)
2013	-	-	-	46,454	46,454	-	125,758	(79,304)	

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

	2014	2013
The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>69,445</u>	<u>72,148</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,527</u>	<u>6,343</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>69,445</u>	<u>72,148</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

	2014	2013
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>16</u>	<u>16</u>
The average total number of Employees employed during the year was	<u>16</u>	<u>16</u>
Staff Costs were:	£	£
Wages and Salaries	479,160	474,343
Social Security Costs	43,406	41,796
Other Pension Costs	44,010	40,688
Temporary, Agency and Seconded Staff	39,940	59,884
	<u>606,516</u>	<u>616,711</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2014	2013
	£	£
Sales Proceeds	17,778	-
Cost of Sales	17,778	-
Gain On Sale Of Housing Stock	-	-

8. INTEREST PAYABLE

	2014	2013
	£	£
On Bank Loans & Overdrafts	330,394	252,367

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £ (2013 £32224).

9. SURPLUS FOR THE YEAR

	2014	2013
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	402,703	341,195
Auditors' Remuneration - Audit Services	7,150	6,700
- Other Services	636	240
Operating Lease Rentals - Other	17,420	17,420
Gain on sale of fixed assets	(2,400)	-

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 2014

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 2013	35,238,246	442,511	35,680,757
Additions	473,883	1,035,103	1,508,986
Disposals	(234,993)	-	(234,993)
Schemes Completed	-	-	-
As at 31st March 2014	35,477,136	1,477,614	36,954,750
DEPRECIATION			
As at 1st April 2013	1,897,070	-	1,897,070
Charge for Year	327,422	-	327,422
Disposals	(25,744)	-	(25,744)
As at 31st March 2014	2,198,748	-	2,198,748
SOCIAL HOUSING GRANT			
As at 1st April 2013	23,787,890	354,134	24,142,024
Additions	15,507	1,005,133	1,020,640
Disposals	(179,765)	-	(179,765)
Schemes Completed	-	-	-
As at 31st March 2014	23,623,632	1,359,267	24,982,899
OTHER CAPITAL GRANTS			
As at 1st April 2013	55,000	-	55,000
Additions	-	-	-
Disposals	(198)	-	(198)
Schemes Completed	-	-	-
As at 31st March 2014	54,802	-	54,802
NET BOOK VALUE			
As at 31st March 2014	9,599,954	118,347	9,718,301
As at 31st March 2013	9,498,286	88,377	9,586,663

Additions to housing properties includes capitalised development administration costs of £24,086 (2013 - £24,340) and capitalised major repair costs to existing properties of £458,376 (2013 £459,167)

All land and housing properties are freehold.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Motor Vehicle £	Commercial Property £	Office Premises £	Office Furniture & Equipment £	Total £
COST					
As at 1st April 2013	19,200	588,358	1,395,549	224,207	2,227,314
Additions	42,785	-	-	13,755	56,540
Eliminated on Disposals	(19,200)	-	-	-	(19,200)
As at 31st March 2014	42,785	588,358	1,395,549	237,962	2,264,654
GRANTS RECEIVED					
As at 1st April 2013	-	-	1,085,240	-	1,085,240
As at 31st March 2014	-	-	1,085,240	-	1,085,240
AGGREGATE DEPRECIATION					
As at 1st April 2013	9,600	93,908	46,759	184,218	334,485
Charge for year	10,771	12,900	5,449	16,875	45,995
Eliminated on disposal	(9,600)	-	-	-	(9,600)
As at 31st March 2014	10,771	106,808	52,208	201,093	370,880
NET BOOK VALUE					
As at 31st March 2014	32,014	481,550	258,101	36,869	808,534
As at 31st March 2013	9,600	494,450	263,550	39,989	807,589

12. CAPITAL COMMITMENTS

	2014 £	2013 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	3,453,033	4,586,126

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

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2014 £	2013 £
Other		
Expiring within one year	452	452
Expiring between two and five years	16,968	16,968

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2014 £	2013 £
Arrears of Rent & Service Charges	153,931	222,955
Less: Provision for Doubtful Debts	(57,499)	(112,100)
	<u>96,432</u>	<u>110,855</u>
Social Housing Grant Receivable	7,920	-
Other Debtors	85,839	98,893
	<u>190,191</u>	<u>209,748</u>

15. CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Housing Loans	2,564,127	170,500
Trade Creditors	152,805	211,186
Rent in Advance	25,029	6,969
Other Taxation and Social Security	13,854	12,622
Other Creditors	96,891	44,361
	<u>2,852,706</u>	<u>445,639</u>

At the balance sheet date there were pension contributions outstanding of £nil (2013 £16,960)

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

	2014 £	2013 £
Housing Loans	<u>9,272,846</u>	<u>11,861,162</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	2,564,127	170,500
Between one and two years	214,500	173,000
Between two and five years	652,998	534,000
In five years or more	8,405,348	11,154,162
	<u>11,836,973</u>	<u>12,031,662</u>
Less: Amount shown in Current Liabilities	2,564,127	170,500
	<u>9,272,846</u>	<u>11,861,162</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2014 £	2013 £
Operating Surplus	665,670	405,928
Depreciation	402,703	375,243
Change in Debtors	27,477	(15,187)
Change in Creditors	13,440	(10,351)
Gain on sale of fixed assets	(2,400)	-
Share Capital Written Off	(20)	(11)
Net Cash Inflow from Operating Activities	<u>1,106,870</u>	<u>755,621</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2014 £	£	2013 £	£
Increase in Cash	65,370		4,300,275	
Cash flow from change in debt	<u>(2,157,438)</u>		<u>(4,348,129)</u>	
Movement in net debt during year		(2,092,068)		(47,854)
Net debt at 1st April 2013		<u>(6,375,200)</u>		<u>(6,327,346)</u>
Net debt at 31st March 2014		<u>(8,467,268)</u>		<u>(6,375,200)</u>

<i>Analysis of changes in net debt</i>	At 01.04.13 £	Cash Flows £	Other Changes £	At 31.03.14 £
Cash at bank and in hand	<u>5,656,462</u>	<u>65,370</u>		<u>5,721,832</u>
Debt: Due within one year	5,656,462	65,370		5,721,832
Due after more than one year	(170,500)	(2,157,438)	(236,189)	(2,564,127)
	<u>(11,861,162)</u>	<u>-</u>	<u>236,189</u>	<u>(9,272,846)</u>
Net Debt	<u>(6,375,200)</u>	<u>(2,092,068)</u>	<u>-</u>	<u>(6,115,141)</u>

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2013	185
Issued in year	303
Cancelled in year	(20)
At 31st March 2014	<u>468</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.

19. RESERVES

(a) Designated Reserves	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2013	142,188	1,646,556	1,788,744
Transfer to / (from) Revenue Reserves	-	306,546	306,546
At 31st March 2014	<u>142,188</u>	<u>1,953,102</u>	<u>2,095,290</u>

(b) Revenue Reserves	Total £
At 1st April 2013	863,717
Surplus for the year	408,724
Transfer (to) / from Designated Reserves	(306,546)
At 31st March 2014	<u>965,895</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2014 No.	2013 No.
General Needs - New Build	301	301
- Rehabilitation	528	529
	<u>829</u>	<u>830</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. 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:

9 members are tenants of the Association

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

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

22. NEGATIVE GOODWILL

	2014 £
Balance as at 1st April 2013	1,301,015
Release during the year	(49,362)
	<hr/>
As at 31st March 2014	1,251,653
	<hr/>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. 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 six 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
- Defined Contribution

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, from 31st March 2008 and the Final salary with a 1/60th accrual rate, 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%.

As at the balance sheet date there were 6 active members of the Scheme employed by Wellhouse Housing Association Limited. The annual pensionable payroll in respect of these members was £247,676. 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 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. 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%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

Financial Assumptions

The key 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.

WELLHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. 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	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 Limited with an updated contribution figure to the past service deficit. From 1 April 2014 Wellhouse Housing Association Limited will be required to pay £48,555 per annum as a contribution to the past service deficit. This will represent an increase/decrease of 160% in Wellhouse Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

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.

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.