

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
(A Charitable Company Limited by Guarantee)

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2012

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
(A Charitable Company Limited by Guarantee)

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2012

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WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
(A Charitable Company Limited by Guarantee)

DIRECTORS AND ADVISERS

DIRECTORS

Councillor Lawrence Fitzpatrick
Councillor Martyn Day
Councillor Ellen Glass (resigned 21/9/2011)
Councillor Jim Dixon
Margaret Dunlop (Chair)
David Cleghorn (Vice Chair)
Stewart Melrose
Daniel Mullen
Audrey Gordon
Frank Toner (appointed 12/10/2011)
Janet Dunlop (appointed 12/10/2011)
Thomas McCormack (appointed 12/10/2011)
Maureen Finlay (appointed 9/11/2011)
Frank Cassidy *
Eleanor McAdam *

* tenant of Partnership

REGISTERED OFFICE

3 Michaelson Square
Kirkton Campus
Livingston
EH54 7DP

CHIEF EXECUTIVE AND SECRETARY

John Mulholland
West Lothian Housing Partnership Limited

AUDITORS

Scott-Moncrieff
Chartered Accountants and Statutory Auditors
25 Bothwell Street
Glasgow
G2 6NL

SOLICITORS

Harper Macleod
45 Gordon Street
Glasgow
G1 3PE

FINANCE AGENTS

Chiene + Tait
61 Dublin Street
Edinburgh
EH3 6NL

THE SCOTTISH HOUSING REGULATOR
REGISTRATION NUMBER: 318

SCOTTISH CHARITY NUMBER: SC031668

BANKERS

The Royal Bank of Scotland
4 Almondvale South
Livingston
EH54 6NB

OTHER LENDERS

Dunfermline Building Society
Caledonia House
Carnegie Avenue
Dunfermline
KY11 8PJ

OTHER LEGAL ADVISORS

Alex Adamson
7 Park Street
Falkirk
FK1 7AF

Peterkin & Kidd
8 High Street
Linlithgow
EH49 7AF

WEST Lothian HOUSING PARTNERSHIP LIMITED
(A Charitable Company Limited by Guarantee)

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 31 March 2012.

Constitution

The company is a Registered Social Landlord and also a registered Scottish Charity No. SC031668.

Principal activity and review of business

The Partnership's principal activity is to provide housing accommodation. West Lothian Housing Partnership aims to ensure this housing and the services provided are of good and improving quality in return for an affordable rent.

The present focus of the Partnership is to consolidate the growth achieved from previous years and concentrate on improving service delivery within the resource constraints of the business in the current economic climate and continual review all these challenges.

The Board sought to address the challenges of business growth with those of the wider operating environment. Funding cuts and lenders' requirements have already restricted the scope for further new build development by the Partnership so the emphasis in the year to 31 March 2012 was on improving the service to new and existing tenants and maintaining the existing 380 properties.

It was a year of change to the staffing structure. In July 2011 the Chief Executive departed and there were other staff changes during the year. An interim Chief Executive was appointed in July 2011 with the consequent regulatory requirements to examine future options for the Partnership which will best serve existing tenants and future customers and this is currently still ongoing. The interim Chief Executive resigned in April 2012 and the replacement interim Chief Executive is continuing to look at the future options of the Partnership.

There were four new appointments to the board of directors during the year with only one resignation.

A program of boiler replacement began during the year for the original properties at Boghall, Rowan Place, Elm Terrace, Auchenhard Place and Perth Street and this will continue over a further four years or on need to do basis.

The long-standing agreement with West Lothian Council for the provision of a full financial service expired in June 2011 and the new strategic financial service provided by Chiene + Tait is now in place and running smoothly aided by the part-time Finance Officer.

In accordance with the Statement of Recommended Practice (SORP) - Accounting by registered social housing providers, 2010, the Partnership has implemented component accounting for the first time this year. The introduction of component accounting ensures the major components of the Partnership's housing stock are identified and depreciated over their estimated economic life. The cost of any subsequent replacement of a major component will be capitalised in the balance sheet with the item replaced being disposed of from the balance sheet. This enables the financial statements to better reflect the use of the component over its life cycle.

The Partnership previously capitalised such expenditure on the grounds of enhanced economic benefit. The move to component accounting represents a change in estimated expected useful lives of the assets involved. No prior year adjustment is therefore required.

Directors

The directors are set out on page 2 of the financial statements. The company is managed by a board of up to 15 directors all of whom are subject to retirement and re-election by the general membership of the company. A quorum of at least 7 directors is required for meetings of the board.

Procedures for the appointment of directors are laid down in the new Articles of Association and the relevant Standing Orders. Directors are normally elected at the Annual General Meeting and serve for a term of three years, with one third of the board retiring every year. A full programme of induction and training is provided for new directors. Vacancies are advertised in local press and public places across West Lothian.

DIRECTORS' REPORT

Reserves policy

Designated reserves are maintained in accordance with the accounting policies stated in the notes to the financial statements on page 13. The directors are satisfied that the levels of reserves held as detailed on page 17 in the notes to the financial statements are sufficient to meet the planned requirements of the Partnership.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- as far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' statement on internal financial controls

The directors acknowledge their responsibility for ensuring that the company has in place systems of control that are appropriate to its business environment. The systems of internal financial control, which are under regular review, are designed to manage rather than eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

The key procedures which have been established are as follows:

- Detailed standing orders covering Board structure, election, membership and meetings;
- Financial regulations and procedures with clear authorisation limits;
- Monthly Board meetings, focusing on areas of concern, reviewing management reports;
- Audit and Compliance Committee meetings focussing on areas of concern and reviewing management reports;
- Quarterly review of cash flow and loan portfolio performance;
- Regular review of tendering process, rent accounting, arrears control and treasury management;
- Segregation of duties of those involved in finance;
- Identification and monitoring of key risks by the management committee, and
- Monitoring the operation of the internal financial control system by considering regular reports from management and the external and internal auditors and ensuring appropriate corrective action is taken to address any reported weaknesses.

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
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DIRECTORS' REPORT

The directors confirm that they have reviewed the effectiveness of the systems of internal financial control. No weaknesses have been found which have resulted in material losses, contingencies or uncertainties which require to be disclosed in the financial statements.

Small company exemptions

This report has been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006.

Auditors

A resolution to re-appoint Scott-Moncrieff as the company's auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



John Mulholland
Secretary

8 AUGUST 2012

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
(A Charitable Company Limited by Guarantee)**

For the year ended 31 March 2012

We have audited the financial statements of West Lothian Housing Partnership Limited for the year ended 31 March 2012 which comprise the 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 exclusively to the directors, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 and to the charitable company's directors, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the Partnership's directors those matters we are required to state to them in an auditor's 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 Partnership and its members and Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 4, the directors (who are also the trustees of the Partnership for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of 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 Partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and The Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
(A Charitable Company Limited by Guarantee) (continued)**

Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed the Board's statement concerning internal financial control made under "The Code of Audit Practice" contained within the publication "Raising Standards in Housing" which is the guidance issued by the Scottish Federation of Housing Associations. The object of our review is to draw attention to non-compliance with the guidance.

Basis of Opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Partnership's system of internal financial control or its corporate governance procedures.

Opinion

With respect to the Directors' statements on internal financial control, in our opinion the Directors have provided the disclosures required by the guidance and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the Partnership has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Iain D. Lee, Senior Statutory Auditor
For and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL**

8 August

2012

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
(A Charitable Company Limited by Guarantee)

INCOME and EXPENDITURE ACCOUNT

For the year ended 31 March 2012

	Notes	2012 £	2011 £
Turnover	2	1,539,734	1,512,591
Operating costs	2	984,901	663,049
Operating surplus	2	554,833	849,542
Interest receivable	6	8,178	4,538
Interest payable	6	(309,880)	(353,780)
Surplus for the year	13	253,131	500,300
		=====	=====

A statement of recognised gains and losses is not shown as all gains and losses are recognised in the Income and Expenditure Account.

All results related to continuing activities.

The notes on pages 11 to 21 form part of these financial statements

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
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BALANCE SHEET

As at 31 March 2012

	Notes	£	2012 £	£	2011 £
Tangible fixed assets					
Housing properties	8		26,666,707		27,009,645
<u>Less: Grants</u>	8		15,752,288		15,752,288
			<hr/>		<hr/>
			10,914,419		11,257,357
Homestake properties	9		-		-
Other fixed assets	8		6,572		6,810
			<hr/>		<hr/>
			10,920,991		11,264,167
 Current assets					
Debtors	10	94,124		104,358	
Cash at bank and in hand		1,345,441		1,267,620	
		<hr/>		<hr/>	
			1,439,565		1,371,978
 Creditors: amounts falling due within one year	11	(863,637)		(941,409)	
		<hr/>		<hr/>	
Net current assets			575,928		430,569
 Total assets less current liabilities			<hr/>		<hr/>
			11,496,919		11,694,736
 Creditors: amounts falling due after more than 1 year	12	(9,252,735)		(9,703,683)	
		<hr/>		<hr/>	
Net assets			2,244,184		1,991,053
			<hr/>		<hr/>
 Reserves					
Revenue reserves	13	1,238,664		1,191,493	
Designated reserves	13	1,005,520		799,560	
		<hr/>		<hr/>	
			2,244,184		1,991,053
			<hr/>		<hr/>

Approved by the Board and authorised for issue on 8 AUGUST 2012.

 Margaret Dunlop (Chair)

 David Cleghorn (Vice Chair)

Company registration number: SC188968

The notes on pages 11 to 21 form part of these financial statements

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
(A Charitable Company Limited by Guarantee)

CASH FLOW STATEMENT

For the year ended 31 March 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	14	887,188	1,056,633
Returns on investments and servicing of finance			
Interest received		8,178	4,538
Interest paid		(309,880)	(353,780)
Net cash outflow from returns on investments and servicing of finance		(301,702)	(349,242)
Capital expenditure and financial investment			
Payments to acquire and develop housing properties		(61,566)	(36,689)
Purchase of fixed assets		(4,025)	(5,461)
Capital grants received		-	-
Sale of properties		-	72,500
Net cash (outflow)/inflow from capital expenditure and financial investments		(65,591)	30,350
Net cash inflow before use of liquid resources and financing		519,895	707,092
Financing			
Loans raised		-	200,063
Loan repayments		(442,074)	(392,936)
Net cash (outflow) from financing		(442,074)	(192,873)
Increase in cash	15	77,821	544,868

The notes on pages 11 to 21 form part of these financial statements

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2012

1. Accounting Policies

Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and statements of recommended practice.

The Company is incorporated under the Companies Act 2006. The financial statements have been prepared in compliance with The Registered Housing Associations (Accounting Requirements) (Scotland) Order 2007 and The Statement of Recommended Practice (SORP 2010), "Accounting by Registered Social Landlords" and all applicable accounting standards.

Going Concern

The Directors anticipate that a surplus will be generated in the year to 31 March 2013. The Partnership has a healthy cash position and thus the Directors are satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets - housing properties

Housing properties are stated at cost. The development cost of housing properties includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure;
- (iii) capitalised interest;

Interest on loans advanced to finance developments is capitalised until developments are complete, thereafter interest is charged to the Income and Expenditure Account.

Tangible fixed assets – computer equipment and furniture and fittings

Items costing less than £500 are not capitalised in the balance sheet.

Works to existing housing properties

Where work on existing housing properties is likely to enhance their value by increasing the net rental stream over the life of the properties it is accounted for as an improvement and capitalised in note 8.

Works on existing properties that are not regarded as enhancing their value are charged to the income and expenditure account and included under maintenance costs in note 3.

Homestake

Properties developed under the Scottish Government's shared equity Homestake initiative are funded by grant and ultimate sales proceeds.

The net investment in Homestake properties is shown on the face of the balance sheet and represents total costs incurred at the balance sheet date less grants receivable and proceeds of sales. Homestake allowances receivable to market the properties are taken to income as developments are completed and until that point are included within deferred income.

Properties which remain unsold at the year end are shown as stock on the balance sheet.

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

1. Accounting Policies (Contd.)

Depreciation

Freehold land is not depreciated.

Depreciation was previously charged on a straight line basis over the expected economic useful lives of the properties, excluding land, which had been calculated at 50 years.

Following a reassessment of the property lives and components, freehold housing properties are now depreciated by component on a straight line basis over the estimated useful economic lives of component categories after accounting for HAG received.

Useful economic lives for identified components are as follows:

Component	Useful economic life
Structure	50 years
Roof	45-50 years
Kitchens	18-21 years
Windows & patio doors	30-35 years
Internal doors	35-40 years
Boilers	12-14 years
Radiators & pipework	28 years
Bathrooms	30-31 years

Depreciation is provided on all non-housing tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Computer equipment - over 3 years straight line
Furniture & Fittings - over 5 years straight line

Housing Grants

Housing Grants are made by West Lothian Council and by The Scottish Government, and are utilised to reduce the capital costs of an approved scheme to an amount of required loan finance which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on qualifying costs of the scheme in accordance with instructions issued from time to time by the Scottish Government.

HAG is repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale.

Notional acquisition and development allowances are determined by the Scottish Government and are advanced as HAG. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing properties for approved schemes. Notional development allowances become available in instalments according to the progress of work on the scheme. Actual development costs are added to housing properties. Income and costs are also shown in the Income and Expenditure Account.

Pension costs

The company participates in the centralised Scottish Housing Associations' defined benefits pension scheme. Retirement benefits to employees of the company are funded by contributions from all participating employers and employees. Contributions are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across all participants taken as a whole. The expected cost of pension provision is charged to the Income and Expenditure Account so as to spread the cost over the period of service of employees.

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

1. Accounting Policies (Contd.)

Designated Reserves

Major repairs reserve

This is an unrestricted reserve which represents amounts earmarked to fund future commitments as recommended by The Scottish Housing Regulator for future repair expenditure based on the Partnership's planned programme of work, and to enable the Partnership to maintain its housing properties in a state of repair which at least maintains the residual value in prices prevailing at the time of acquisition and construction.

Turnover

Turnover represents rents receivable.

VAT

The company is not registered for VAT purposes and consequently all transactions are shown inclusive of VAT.

2. Particulars of turnover, operating costs and operating surplus

	Turnover £	Operating Costs £	Operating Surplus 2012 £	2011 £
Housing Accommodation - General Needs (note 3)	1,539,734	984,901	554,833	849,542
	=====	=====	=====	=====

3. Particulars of turnover, operating costs and operating surplus from social letting activities

	2012 General Needs £	2011 General Needs £
Rent receivable net of identifiable service charges	1,513,813	1,493,133
Service charges	20,868	20,583
	-----	-----
Gross Income from rents and service charges	1,534,681	1,513,716
Less: voids	(2,155)	(4,824)
	-----	-----
Net income from rents and service charges	1,532,526	1,508,892
Grants from Scottish Ministers	7,208	3,699
	-----	-----
Total turnover from social letting activities	1,539,734	1,512,591
Management and maintenance administration	(387,040)	(349,921)
Service costs	(15,954)	(11,015)
Planned and cyclical including major repairs costs	(56,404)	(45,127)
Reactive maintenance costs	(108,850)	(100,955)
Bad debts – rents and service charges	(12,149)	(17,535)
Housing property depreciation	(404,504)	(138,496)
	-----	-----
Operating costs for social lettings	(984,901)	(663,049)
	-----	-----
Operating surplus for social lettings for 2012 and 2011	554,833	849,542
	=====	=====
Operating surplus for social lettings for 2011 and 2010	849,542	664,399
	=====	=====

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
(A Charitable Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

4. Board emoluments and interests

Board members received travelling expenses, in order to attend meetings, during the year amounting to £908 (2011: £881).

No payment by way of fees or other remuneration was made to members of the Board.

5. Employee information (including non-board director)

	2012	2011
	£	£
Staff costs during the year were as follows:		
Wages and salaries	179,197	135,856
Social security costs	10,237	10,360
Pension costs (note 17)	23,687	20,008
	-----	-----
	213,121	166,224
	=====	=====

The average number of persons employed by the Association during the year (including part-time staff) was as follows:

	2012	2011
	No.	No.
Office staff	6	5
	=====	=====
Full-time equivalent Office staff	5	4
	=====	=====

There were no employees paid in excess of £60,000 during the year (2011: Nil).

The Chief Executives' received total emoluments of £62,753 (2011: £55,667) in the year. No Chief Executive received greater than £60,000.

6. Interest

	2012	2011
	£	£
<u>Interest receivable and similar income</u>		
Interest receivable	8,178	4,538
	=====	=====

Interest payable and similar charges

On bank loans, overdrafts and other loans:

On building society loans repayable wholly or partly in more than
5 years

309,880	353,780
=====	=====

7. Taxation

The Association is a Scottish Charity and there is no liability for Corporation Tax for the year.

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

	Properties held for letting £	Total £
8. Tangible fixed assets		
(i) Housing properties		
Cost		
At start of year	27,974,581	27,974,581
Additions during year	61,566	61,566
Disposals during year	(27,550)	(27,550)
At end of year	28,008,597	28,008,597
Depreciation		
At start of year	964,936	964,936
Provided during year	404,504	404,504
Disposal during year	(27,550)	(27,550)
At end of year	1,341,890	1,341,890
Grants		
At start of year	15,752,288	15,752,288
Additions during year	-	-
At end of year	15,752,288	15,752,288
Net book value		
At 31 March 2012	10,914,419	10,914,419
At 31 March 2011	11,257,357	11,257,357
(ii) Other fixed assets	Office Furniture £	Computer Equipment £
Cost		Total £
At the start of the year	6,031	36,540
Additions during year	-	4,025
At end of year	6,031	40,565
Depreciation		
At start of the year	3,946	29,730
Provided during year	1,206	4,263
At end of year	5,152	33,993
Net book value		
Balance at 31 March 2012	879	6,572
Balance at 31 March 2011	2,085	6,810

Capitalised interest to date amounts to £226,311 (2011: £226,311). Included within Properties held for letting is land which was received for £nil consideration.

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
(A Charitable Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

9. Homestake properties	Homestake Properties £
Cost	
At start of year	429,249
Additions during year	-
Disposals during year	-

At end of year	429,249

Grants	
At start of year	429,249
Grants received during year	-
Grant to be repaid	-

At end of year	429,249

Net book value	
At 31 March 2012	-
	=====
At 31 March 2011	-
	=====

10. Debtors	2012 £	2011 £
Rent arrears	73,692	81,932
Bad debt provision	(35,098)	(37,699)
	-----	-----
	38,594	44,233
Sundry debtors and prepayments	55,530	60,125
	-----	-----
	94,124	104,358
	=====	=====

11. Creditors: amounts falling due within one year	2012 £	2011 £
Housing loans (note 12)	457,437	448,563
Contractors for retentions unpaid and certified work	211,367	302,993
Social security and other taxes	2,521	3,466
Prepayments of rent and service charges	19,353	18,777
Accruals	172,959	167,610
	-----	-----
	863,637	941,409
	=====	=====

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
(A Charitable Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

12. Creditors: amounts falling due after more than one year	2012 £	2011 £
Housing loans	9,252,735 =====	9,703,683 =====

Housing Loans

Housing loans from Dunfermline Building Society are secured by specific charges on the Association's housing properties and are repayable at interest rates varying from 0.875% to 5.69% over a period up to 35 years in instalments due as follows:

	2012 £	2011 £
In one year or less	457,437	448,563
Between one and two years	476,213	465,993
Between two and five years	1,550,137	1,511,798
In five or more years	7,226,385	7,725,892
	-----	-----
	9,710,172	10,152,246
	=====	=====

13. Reserves	Major Repairs £	Revenue Reserves £	Total £
At 1 April 2011	799,560	1,191,493	1,991,053
Surplus for year	-	253,131	253,131
Transfer to/(from) reserves	205,960	(205,960)	-
	-----	-----	-----
At 31 March 2012	1,005,520	1,238,664	2,244,184
	=====	=====	=====

There has been one transfer during the year between reserves.

The major repairs reserve has increased by £205,960 as a result of a transfer from the revenue reserve to ensure the Partnership has sufficient funds available to carry out a programme of planned repair works to properties in the future.

14. Reconciliation of operating surplus to net cash flow from operating activities

	2012 £	2011 £
Operating surplus	554,833	849,542
Depreciation	408,767	141,326
(Decrease)/increase in creditors	(86,646)	36,783
Decrease in debtors	10,234	28,982
	-----	-----
Net cash inflow from operating activities	887,188	1,056,633
	=====	=====

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

15. Reconciliation of net cash flow to movement in net debt	2012	2011
	£	£
Increase in cash in the year	77,821	544,868
Increase in housing loans	-	(200,063)
Cash outflow from loan repayments	442,074	392,936
	<hr/>	<hr/>
Change in net debt resulting from cash flows and movement in net debt	519,895	737,741
Net debt at beginning of year	(8,884,626)	(9,622,367)
	<hr/>	<hr/>
Net debt at end of year	(8,364,731)	(8,884,626)
	<hr/>	<hr/>

16. Analysis of net debt	At 1 April 2011	Cash flows	At 31 March 2012
	£	£	£
Cash at bank and in hand	1,267,620	77,821	1,345,441
Debt due within one year	(448,563)	(8,874)	(457,437)
Debt due after one year	(9,703,683)	450,948	(9,252,735)
	<hr/>	<hr/>	<hr/>
	(8,884,626)	519,895	(8,364,731)
	<hr/>	<hr/>	<hr/>

17. Pension obligations

West Lothian Housing Partnership Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer 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.

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 last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

17. Pension obligations (Contd.)

Following a change in legislation in September 2005 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 buy-out 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 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.

West Lothian Housing Partnership Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for West Lothian Housing Partnership Limited was £231,877.

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.

West Lothian Housing Partnership Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2012 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2012.

During the accounting period West Lothian Housing Partnership Limited paid contributions at the rate of 9.6% of pensionable salaries and past year deficit contributions of £12,345. Member contributions were 9.6%.

As at the balance sheet date there were four active members of the Scheme employed by West Lothian Housing Partnership Limited.

West Lothian Housing Partnership Limited continues to offer membership of the Scheme to its employees.

WEST LOTHIAN HOUSING PARTNERSHIP LIMITED
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

17. Pension obligations (Contd.)

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement – Non-pensioners	4.6
Investment return post retirement – Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

Mortality Tables	
Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions	10.4

18. Capital commitments

	2012	2011
	£	£
Amounts authorised and contracted for	-	-
	=====	=====

19. Auditors' remuneration

	2012	2011
	£	£
External Audit services	4,200	4,080
	=====	=====

WEST LoTHIAN HOUSING PARTNERSHIP LIMITED
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

	At 31 March 2011 £	Additions £	At 31 March 2012 £
20. Accommodation in management			
Housing properties for letting - number	380	-	380
	=====	=====	=====

21. Leasing commitments

Operating leases

The company has commitments under operating leases for the next year for leases expiring as follows:

	2012 Other £	2011 Other £
Operating leases which expire:		
Within two to five years	13,500	13,500
	=====	=====

22. Related Party Transactions

In general the company will give West Lothian Council full nomination rights for all initial house lets, reverting to 50% nominations for subsequent vacancies thereafter.

During the year, the Partnership paid £nil (2011: £8,883) to West Lothian Council for management services provided. All transactions were carried out on an arm's length basis.

A number of the members of the Board of Directors are tenants of the Partnership as disclosed in the Directors' report, and their tenancies are on normal commercial terms.

The Partnership is part of the 'West Lothian Strategic Alliance'. This is a group of 4 housing associations including West Lothian Housing Partnership for which Almond Housing Association is the lead development agent.

At the year end, the Partnership owed Almond Housing Association £211,367 (2011: £302,993).