

RECEIVED

25 AUG 2011

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2011

Registered Housing Association No. C3841

Financial Services Authority No. 2308 R S

Charity No SC038737

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

CONTENTS

	Page
Report of the Committee of Management	1 - 7
Statement of the Committee of Management's Responsibilities	8
Statement of the Committee of Management on Internal Financial Controls	9 - 10
Report of the Auditors	11 - 12
Income and expenditure account	13
Balance sheet	14
Cash flow statement	15
Notes to the financial statements	16 - 29

Registration particulars:

Financial Services Authority	Industrial & Provident Societies Act 1965 Registered Number: 2308 R S
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number: C3841
Scottish Charities	Charities and Trustee Investment (Scotland) Act 2005 Recognised Scottish Charity Number SC038737

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31 MARCH 2011

The Committee of Management present their report and audited financial statements for the year ended 31 March 2011.

Principal activity

The principal activity of the Co-operative is the provision of housing accommodation for rent. This is achieved by acquiring properties in order that they can be refurbished and re-let as rented accommodation, funded by Social Housing Grant (SHG) provided for this purpose. The cost of developments not met by SHG is met by a mortgage secured on the properties, which is repaid by the net rental income receivable, derived from those properties.

Business review

The Co-operative made a surplus of £9,725 during the year (2010 –deficit £213,681). The surplus was made by the Co-operative after investment in major repairs in the year amounting to £84,232 (2010 - £297,739). Major repairs expenditure is written off in the year it is incurred and not capitalised.

The Co-operative is in a strong financial position with over £1.15m deposited as cash funds, and could access loan facilities if required. The Co-operative continues to have a substantial major repair investment programme due in a substantial proportion of properties over the next few years. We have also designated substantial funds over the next five years to meet our commitments under the Scottish Housing Quality Standards. Cash surpluses will continue to be made, subject to our planned major repair programme over the next few years.

The Co-operative obtained charitable status during the year 2007/08, to ensure the best use of funds through rental income being used for housing purposes rather than paying Corporation Tax back to the government.

Surplus for the year and transfers

The surplus for the year of £9,725 (2010: deficit £213,681) has been dealt with as follows:

	£
Surplus for year	9,725
Transfers from designated reserves	-
Major repairs reserve	-
Transferred to revenue reserve	<u>9,725</u>

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31 MARCH 2011

Members of Committee of Management

The members of the Committee of Management of the Co-operative during the year to 31 March 2011 were as follows:

Anne Anderson	Chairperson
Philip Welsh	Vice Chairperson
Muriel Alcorn	Treasurer
Cheryl Burnett	Secretary
Susan Stevely	
Helen Anderson	
Sheila Jamieson	
Helen Gilmour	
Elizabeth Kerr	
Hazel Anderson	
Kirsty McElhom	Appointed April 2010
Margaret Sweeney	Resigned September 2010
Liz Jamieson	Resigned September 2010

Each member of the Committee of Management holds one fully paid share of £1 in the Co-operative. The Executive Officers of the Co-operative hold no interest in the Co-operatives share capital and although not having the legal status of "director" they act as Executives within the authority delegated by the Committee.

Executive officers

The Executive Officers of the Co-operative during the year to 31 March 2011 was as follows:

P Farrell	Director
S Marshall	Depute Director
L McVie	Assistant Director (Corporate Services)
R Haughey	Assistant Director (Tenancy Services)
M Brownlie	Assistant Director (Operations)
S McPeake	Community Development Co-ordinator
R Smith	Concierge Manager

Operational Review

1 Corporate Governance

West Whitlawburn has a Committee of Management who are elected by the members of the Co-operative. It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction for the Co-operative. They also monitor the operational activities of the Co-operative. The members of the Committee of Management are unpaid.

The Executive Team of West Whitlawburn (as listed above) are responsible for achieving the strategy set and undertaking the operational activities in line with the policies set.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31 MARCH 2011

Our governing body is our Committee of Management, which is responsible to the wider membership. Committee of Management members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

This report details issues that have arisen during the year relating to the main activities undertaken by the Co-operative.

2 Corporate Issues

Tenant involvement and participation is a major part of the Co-operative's Aims and Objectives, and we continue to review how the Co-operative involves tenants in its activities.

The Co-operative is committed to involving staff in decision making and policy making. In the year just ended we have continued to improve the staff development system and internal management plan process.

Best use of resources

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have continued with a programme of major investment in our housing stock, which is by far our most costly asset. This includes both carrying out major repairs, and also considering whether any of our older schemes should be remodelled to meet the changing requirements of tenants in the future. We are updating our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements. We have a programme of best value reviews, to look for efficiencies and economies in the way that we carry out business processes.

Services

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do. In our housing stock, we are planning to move ahead with some major repairs that have become necessary.

Our rent arrears management was reviewed during the year, and we will continue to seek improvements in our rent collection methods. We continued to deliver many completed adaptations to existing properties, to meet the specific needs of our tenants.

3 Development Issues

The year just completed has been steady. We have spent £429k (2010 - £8,188k) during the year, of which £265k (2010 - £8,032k) of Housing Association Grants and other grants were received in funding.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31 MARCH 2011

4 Housing Issues

The Co-operative continues to work on reducing the period of time taken to re-let or let new properties. This is to ensure that we maximise our effectiveness in housing people in need and reduce our costs. The rent loss due to empty properties was £28,439 (2010 - £85,517). Housing held for decant due to multi storey refurbishment had a major impact on rent loss during the year. Work is continuing to reduce this level of voids in future years.

5. Other Areas

Risk Management Policy

The Committee have a formal risk management process in place to assess business risks and implement risk management strategies. This involves identifying the types of risks the Co-operative faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee have reviewed the adequacy of the Co-operative's current internal controls.

Accordingly they have set policies on internal controls which cover the following:

- consideration of the type of risks the Co-operative faces.
- the level of risks which they regard as acceptable.
- the likelihood of the risks concerned materialising.
- the Co-operative's ability to reduce the incidence and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit obtained.
- clarified the responsibility of management to implement the Committee's policies and to identify and evaluate risks for their consideration.
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.
- embedded the control system in the Co-operative's operations so that it becomes part of the culture of the Co-operative.
- developed systems to respond quickly to evolving risks arising from factors within the Co-operative to changes in the external environment.
- included procedures for reporting failings immediately to appropriate levels of management and the Committee together with details of corrective action being undertaken.

Maintenance policies

The Co-operative seeks to maintain its properties to the highest standard. To this end programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account.

In addition, the Co-operative has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, included works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income and Expenditure account, unless it was agreed they could be capitalised within the terms outlined in the SORP.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31 MARCH 2011

Treasury Management

The Co-operative has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Co-operative manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst maximising the return on excess cash and liquid resources held.

Internal Financial Control

The Committee of Management is responsible for establishing and maintaining the Co-operative's system of internal control. Internal control systems are designed to meet the particular needs of the Co-operative and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial control are detailed on pages 9 and 10.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

Management Structure

The Committee of Management has overall responsibility for the Co-operative and there is a formal schedule of matters specifically reserved for decision by the Committee.

Budgetary Process

Each year the Committee of Management approves the annual budget and rolling strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Rental Income

The Co-operative's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Co-operative's properties. This policy follows the generally accepted practice/principles of the Housing Movement.

Employee Involvement and Health & Safety

The Co-operative encourages employee involvement in all major initiatives.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31 MARCH 2011

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Co-operative may continue. It is the policy of the Co-operative that training, career development and promotion opportunities should be available to all employees.

Credit Payment Policy

The Co-operative's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

Whitcomm Co-operative Ltd

West Whitlawburn Housing Co-operative (WWHC) established Whitcomm Co-operative Ltd in 2009 as a wholly separate private limited company to further its charitable aims as well as WWHC's organisational objectives for its tenants in WWHC homes. Through a close working relationship and support WWHC has acted as a business incubator for Whitcomm Co-operative Ltd. WWHC has one official appointee on the board of directors of Whitcomm Co-operative Ltd however both organisations have a number of other shared committee members.

WWHC is working with the local community to develop Whitcomm Co-operative Ltd. WWHC is installing a fibre optic infrastructure as part of the 100 home New Build development. The fibre optic infrastructure makes the neighbourhood the first fibre to the Home project in Scotland and the largest in Britain.

Over the infrastructure Whitcomm Co-operative Ltd is providing television, phone and broadband services to New Build tenants. Whitcomm Co-operative is also working to develop a community portal that will meet the following objectives:

- **Reduce digital exclusion in West Whitlawburn**
 - By providing low cost access to the internet over the television, affordable access to high speed next generation broadband, working with community partners to provide ICT training
- **Reduce financial exclusion in West Whitlawburn**
 - By increasing access to financial advice and advocacy, financial services and choice of commodities over the internet
- **Increase social inclusion in West Whitlawburn**
 - By working with community partners to provide accessible information and services over the community portal, creating volunteering opportunities within the community, creating the opportunity to make and maintain social networks within West Whitlawburn over the community portal
- **Increase enterprise & self reliance within West Whitlawburn**
 - By keeping the technological infrastructure in the ownership of the community. By creating voluntary opportunities and training for members, creating an attractive infrastructure for business. By encouraging the development of a skilled community.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31 MARCH 2011

Social Accounts

West Whitlawburn Housing Co-operative completed its first set of social accounts covering the 2007-2008 periods and is now planning for the next set of accounts.

Social accounting has provided West Whitlawburn Housing Co-operative with an opportunity to counter a central and significant problem; that much of the Co-operative's work is undervalued and goes largely unrecognised externally as conventional reporting frameworks almost exclusively rely on conventional currency measures. Social Accounts measure the Social, Economic and Environmental impact that the Co-operative has on the local community and insure that the co-operative is accountable to its stakeholders. The Social Accounts process has also proven to be an invaluable planning and internal management tool.

Going concern

The Committee of Management has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Future developments

The Co-operative's current development programme is now drawing to an end, however the Co-operative will continue with its policy of improving the quality of the housing within its area of operation and continue to examine any opportunities which may arise for future development.


Information for Auditors

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Committee of Management


Secretary

57 Belmont Road
Whitlawburn
Cambuslang
G72 8PG

Date:16.08.2011.....

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED
STATEMENT OF THE COMMITTEE OF MANAGEMENT'S RESPONSIBILITIES
YEAR ENDED 31 MARCH 2011

The Committee of Management is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under the legislation relating to Industrial and Provident Societies the Committee of Management are required 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 of that period. In preparing those financial statements the Committee of Management are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the RSL SORP;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee of Management is also responsible for:

- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the RSL and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) 2007;
- safeguarding the Association's assets; and
- taking reasonable steps for the prevention and detection of fraud.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED
COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL
YEAR ENDED 31 MARCH 2011

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Co-operative has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Co-operative or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Committee of Management'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 include ensuring that;

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authority, which allows the monitoring of controls and restricts the unauthorised use of the Co-operative's assets.
- experienced and suitably qualified staff take responsibility for important business functions and that annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Committee of Management members and others.
- the Committee of Management review reports from management, from directors, staff and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Co-operative.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

**YEAR ENDED 31 MARCH 2011
(CONTINUED)**

The Committee of Management have reviewed the system of internal financial control in existence in the Co-operative for the year ended 31 March 2011 and until the below date. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Committee of Management

Cheryl Burnett

Date : 16.08.2011

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on pages 9 and 10 concerning the Co-operative'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 Bulletin 2006/5 that was issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Co-operative'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 pages 9 and 10 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.

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP
Statutory Auditors
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date: 18 August 2011

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

We have audited the financial statements of West Whitlawburn Housing Co-operative Limited for the year ended 31 March 2011 on pages 13 to 29. 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 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 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 the Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 8, the Committee are responsible for the preparation of the financial statements and for being satisfied that they 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 of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Statutory Auditor

Breckenridge House

274 Sauchiehall Street

GLASGOW

G2 3EH

Date: 18 August 2011

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2	2,547,075	2,387,212
Operating Costs	2	<u>(2,370,523)</u>	<u>(2,506,790)</u>
Operating Surplus/(deficit)		176,552	(119,578)
Interest receivable		6,377	8,212
Interest payable		<u>(173,204)</u>	<u>(102,315)</u>
Surplus/(Deficit) on ordinary activities before tax		9,725	(213,681)
Corporation tax on surplus on ordinary activities	4	<u>-</u>	<u>-</u>
Surplus/(Deficit) for year		<u><u>9,725</u></u>	<u><u>(213,681)</u></u>

There are no recognised gains and losses in 2010 and 2011 other than the surplus for the year.

None of the Co-operative's activities were acquired or discontinued during the above two financial years.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	£	2011 £	2010 £
Tangible Fixed Assets				
Housing properties				
- Gross cost less depreciation	5		50,085,940	49,927,361
Less: Housing Association Grant	5		(46,408,586)	(46,303,098)
			3,677,354	3,624,263
Other Fixed Assets	5		106,700	105,345
			<u>3,784,054</u>	<u>3,729,608</u>
Current Assets				
Debtors	6	463,894		348,769
Cash at bank and in hand		<u>1,158,470</u>		<u>1,318,853</u>
		1,622,364		1,667,622
Creditors: Amounts falling due within one year	7	<u>(677,829)</u>		<u>(596,689)</u>
Net Current Assets			<u>944,535</u>	<u>1,070,933</u>
Total assets less current liabilities			4,728,589	4,800,541
Creditors: Amounts falling due after more than one year	8		<u>(3,035,804)</u>	<u>(3,117,495)</u>
			<u>1,692,785</u>	<u>1,683,046</u>
Capital and reserves				
Share capital	12		687	673
Revenue reserve	13		344,213	334,488
Designated reserves	14		<u>1,347,885</u>	<u>1,347,885</u>
Total Funds			<u>1,692,785</u>	<u>1,683,046</u>

The financial statements were approved and authorised for issue by the Committee of Management on 16.08.2011 and signed on its behalf by: -

Secretary Cheryl Burnett

Member Mural Alcar

Member Arne Anderson

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

	Notes	£	2011 £	2010 £
Net cash inflow from operating activities	15	233,846		<u>58,381</u>
Return on investments and servicing of finance				
Interest received		6,377		8,212
Interest paid		<u>(173,204)</u>		<u>(102,315)</u>
Net cash (outflow) from returns on Investments & servicing of finance		(166,827)		<u>(94,103)</u>
Taxation				
Corporation Tax paid		-		-
Corporation Tax received		<u>-</u>		<u>-</u>
Investing Activities				
Acquisition and construction of Housing properties		(429,255)		(8,130,523)
Purchase of other fixed assets		-		(57,162)
Social Housing Grant received		<u>265,737</u>		<u>8,031,979</u>
Net cash (outflow) from investing activities			<u>(163,518)</u>	<u>(155,706)</u>
Net cash (outflow) before financing			<u>(96,499)</u>	<u>(191,428)</u>
Financing				
Issue of Share Capital		79		166
Loans received		-		66,024
Loans repaid		<u>(63,963)</u>		<u>-</u>
Net cash inflow from financing			<u>(63,884)</u>	<u>66,190</u>
(Decrease) in cash			<u>(160,383)</u>	<u>(125,238)</u>

Further details are given in note 15

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1. Principal accounting policies

Basis of Accounting

The principal accounting policies of the Co-operative are set below. The Co-operative is incorporated under the Industrial and Provident Societies Act 1965 and is registered by The Financial Services Authority. The accounts have been prepared under the historical cost convention, and in compliance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and The Statement of Recommended Practice (SORP), "Accounting by Registered Social Landlords 2008" and applicable accounting standards.

Housing Association Grants

Housing Association Grants are utilised to reduce the amount of mortgage loans in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost of the scheme.

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

Acquisition and Development Allowances are advanced as grants. They are intended to finance certain internal administration costs relating to the acquisition of schemes. Development allowances become available in instalments according to the progress of work on the scheme.

Finance

The financial statements have been prepared on the basis that capital expenditure will be grant aided, funded by loans, met out of reserves or from proceeds of sales.

Mortgages

Mortgage loans are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for HAG.

Fixed assets - Housing land and buildings

Housing land and buildings are stated at cost. The development cost of housing properties funded with HAG includes the following:-

- (i) Cost of acquiring land and buildings.
- (ii) Development expenditure.
- (iii) Interest charged on the loans during the development year of the scheme to the date of completion.

Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income, or
- a material reduction in future maintenance costs, or
- a significant extension to the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the Income and Expenditure account.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1. Principal accounting policies (continued)

Other fixed assets

Depreciation is charged by equal annual instalments at rates estimated to write off costs less any residual value over expected useful lives

Office Fixtures, fittings & equipment	- 25%
Office accommodation	- 4%

Housing, land and buildings - depreciation

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated.

Impairment of fixed assets

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the Income and Expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the Income and Expenditure account.

Designated reserve - reserves for major repairs (note 14)

Future major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set aside in a designated reserve to the extent that it is not met from HAG.

Pensions

The Co-operative participates in the centralised Social Housing Pension Scheme (SHPS). Defined Benefits Pension Scheme and retirement benefits to employees of the Co-operative 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.

Lease obligations

Rentals paid under operating leases are charged to the Income and Expenditure account as they are incurred.

Turnover

Turnover represents rental income receivable from tenants, development administration, and other income together with revenue grants from the Scottish Government, local authorities and other organisations.

Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 MARCH 2011
(CONTINUED)**

2. Particulars of turnover, operating costs, operating surplus by class of business

	2011			2010 Operating Surplus/(deficit) £
	Note	Turnover £	Operating Costs £	Operating Surplus/(Deficit) £
Income from Lettings	3a	2,411,212	(2,132,281)	278,931
Other Income and Expenditure	3b	135,863	(238,242)	(102,379)
Total		<u>2,547,075</u>	<u>(2,370,523)</u>	<u>176,552</u>
2010		<u>2,387,212</u>	<u>(2,506,790)</u>	<u>(119,578)</u>

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(CONTINUED)

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

	2011 £	2010 £
Lettings		
Rent receivable net of service charges	2,414,914	2,273,787
Service charges	-	-
Gross income from rents and service charges	<u>2,414,914</u>	<u>2,273,787</u>
Less: Rent losses from voids	<u>(28,439)</u>	<u>(85,517)</u>
Net income from rents and service charges	2,386,475	2,188,270
Grants from the Scottish Ministers	24,737	-
Other revenue grants	-	-
Total income from lettings	<u>2,411,212</u>	<u>2,188,270</u>
Expenditure on Letting Activities		
Service costs	75,327	79,141
Management and maintenance administration costs	1,267,656	1,179,739
Reactive maintenance	491,554	493,497
Planned and cyclical maintenance including major repairs	187,925	359,466
Property depreciation	72,571	70,694
Bad debts	37,248	34,814
Operating costs for social letting activities	<u>2,132,281</u>	<u>2,217,351</u>
Operating surplus/(deficit) for social letting activities	<u>278,931</u>	<u>(29,081)</u>
Operating surplus for previous period of account	<u>(29,081)</u>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2010 - £nil).

The total amount of major repairs expenditure incurred in the year was £84,232 (2010 - £297,793). No major repairs were capitalised.

All of the above relate solely to General needs housing.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011
(CONTINUED)

3b – 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 £	Other operating costs £	Operating surplus or (deficit) £	2010 £
Wider action/wider role	119,392	-	-	-	119,392	-	(119,392)	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development activities	4,027	-	-	-	4,027	-	(24,992)	(20,965)	(24,350)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments and improvements for sale, (including first tranche shared ownership sales) to non registered social landlords	-	-	-	-	-	-	-	-	-
Regeneration activities	-	-	-	-	-	-	(85,000)	(85,000)	-
Other activities	-	-	-	12,444	12,444	(8,858)	-	3,586	(66,147)
Total from other activities	123,419	-	-	12,444	135,863	(8,858)	(237,384)	(110,379)	(90,497)
2010	181,349	-	-	17,193	198,942	(83,340)	(206,099)	(90,497)	

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011
(CONTINUED)

4. Tax on profit on ordinary activities

West Whitlawburn Housing Co-operative Limited was granted charitable status on 30 October 2007 and as a result is not subject to corporation tax on its activities. The taxation credit in the prior year relates to an over provision in previous years.

5. Tangible fixed assets

	Housing Properties Held for Letting £	Housing Properties Under Construction	Office Premises/ Community Centre £	Furniture & Equip £	Total £
Cost					
As at 1 April 2010	50,134,788	-	163,506	308,477	50,606,771
Additions	231,650	-	158,025	39,579	429,254
Transfer					
As at 31 March 2011	50,366,438	-	321,531	348,056	51,036,025
Social Housing Grant & Other Grant					
As at 1 April 2010	46,303,098	-	-	-	46,303,098
Additions	105,488	-	160,249	-	265,737
Transfer					
As at 31 March 2011	46,408,586	-	160,249	-	46,568,835
Depreciation					
As at 1 April 2010	207,927	-	110,962	255,676	574,065
Charge for year	72,571	-	6,540	29,460	109,071
As at 31 March 2011	280,498	-	117,502	285,136	683,136
Net book value					
31 March 2011	3,677,354	-	43,780	62,920	3,784,054
31 March 2010	3,624,263	-	52,544	52,801	3,729,608

Included in housing land and buildings additions is capitalised development administration expenditure of £27,043 (2010 £30,921)

None of the Co-operative's land or letting properties is held under a lease.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(CONTINUED)

6. Debtors	2011	2010
	£	£
Rent arrears	165,395	172,626
Less: bad debt provision	(50,000)	(50,000)
	<u>115,395</u>	<u>122,626</u>
Housing Benefit receivable	104,389	105,473
Other Debtors and Prepayments	194,746	78,606
Amounts due from Whitcomm	49,364	42,064
	<u>463,894</u>	<u>348,769</u>

Included within other debtors is a balance of £nil (2010 £nil) which is regarded as due after one year.

7. Creditors: Amounts falling due within one year	2011	2010
	£	£
Loans	81,516	63,788
Rents in Advance	127,938	115,771
Trade Creditors	214,511	146,317
Other tax and social security	-	19,650
Other creditors	168,864	251,163
Amounts due to WCRC	85,000	-
	<u>677,829</u>	<u>596,689</u>

8 Creditors: Due after more than one year	2011	2010
	£	£
Loans due between one and two years	81,516	67,386
Loans due between two and five years	244,548	225,834
Loans due in five years or more	2,709,740	2,824,275
	<u>3,035,804</u>	<u>3,117,495</u>

The loan is secured by specific charges on the Co-operative's properties and is repayable in instalments at an interest rate of 5.5%.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011
(CONTINUED)

	2011 £	2010 £
9. Employees		
Staff costs during year		
Wages and salaries	894,113	895,558
Social security costs	67,940	75,842
Pension costs	78,896	74,441
	<u>1,040,949</u>	<u>1,045,841</u>

The average full time equivalent number of persons employed by the Co-operative during the year were as follows:

	No	No
Office	17	18
Concierge	13	13
	<u>30</u>	<u>31</u>

The Directors are defined as the members of the Committee of Management, the Director and any other person reporting directly to the Directors or the Committee of Management whose total emoluments exceed £60,000 per year. No Director had emoluments exceeding £60,000 per year or prior year.

	£	£
Emoluments payable to Chief Executive (excluding pension contributions)	<u>54,095</u>	<u>54,102</u>

The Co-operative's contributions for the Chief Executive in the year amounted to £8,331 (2010 - £8,147).

No member of the Committee of Management received any emoluments in respect of their services to the Co-operative.

10. Auditors' Remuneration

The remuneration of the auditors (including expenses and including VAT for the year)	8,500	10,024
Remuneration of the auditors in respect of services other than those as auditors	-	-
	<u>8,500</u>	<u>10,024</u>

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011
(CONTINUED)

	2011 £	2010 £
11. Reconciliation of shareholders' funds		
Opening shareholders' funds	1,683,046	1,896,625
Surplus/(deficit) for the year	94,725	(213,681)
Increase in share capital	14	102
Closing shareholders' funds	1,777,785	1,683,046
12. Share capital	2011 £	2010 £
Shares of £1 each fully paid and issued		
Allotted, issued and fully paid at 1 st April 2010	673	571
Issued during the year	79	166
Forfeited during the year	(65)	(64)
At 31 st March 2011	687	673

Each member of the Co-operative holds one share of £1 in the Co-operative. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at members' meetings.

13. Revenue reserve	2011 £	2010 £
At 1 April 2010	334,488	548,169
Transfer from designated reserves	-	-
Surplus for the year	9,725	(213,681)
At 31 March 2011	344,213	334,488
14. Designated reserves		
Major Repairs Reserve		
Balance at 1 April 2010	1,347,885	1,347,885
Transferred in year	-	-
Balance at 31 March 2011	1,347,885	1,347,885

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011
(CONTINUED)

15. Cash flow statement	2011 £	2010 £
Reconciliation of operating surplus to net cash		
Inflow from operating activities		
Operating surplus/(deficit)	261,552	(119,578)
Depreciation charges	109,071	97,711
Decrease/(increase) in debtors	(115,124)	892,455
(Decrease)/increase in creditors	(21,588)	(812,143)
Shares cancelled	(65)	(64)
	<u>233,846</u>	<u>58,381</u>
Net cash inflow / (outflow) from operating activities		
	<u>233,846</u>	<u>58,381</u>
Reconciliation of net cash flow to movements in net debt		
Increase in cash for the year	(160,383)	(125,238)
Decrease in bank overdraft	-	-
Loans received	-	(66,024)
Loan repayments	63,963	-
	<u>(96,420)</u>	<u>(191,262)</u>
Change in net cash	(96,420)	(191,262)
Net cash as at 31 March 2010	<u>(1,862,430)</u>	<u>(1,671,168)</u>
Net cash as at 31 March 2011	<u>(1,958,850)</u>	<u>(1,862,430)</u>

Analysis of Changes in net debt

	As at 31 March 2010 £	Cash Flow £	Other Changes £	As at 31 March 2011 £
Cash at bank and in hand	1,318,853	(160,383)	-	1,158,470
Overdraft	-	-	-	-
Debt due within one year	(63,788)	(17,728)	-	(81,516)
Debt due after one year	<u>(3,117,494)</u>	<u>81,690</u>	<u>-</u>	<u>(3,035,804)</u>
	<u>(1,862,429)</u>	<u>(96,421)</u>	<u>-</u>	<u>(1,958,850)</u>

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011
(CONTINUED)

16. Pension Fund

The Scottish Housing Associations' Pension Scheme

West Whitlawburn Housing Co-operative Limited participates in the Scottish Housing Associations' Pension Scheme ('the 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 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.

The Trustee commissions an actuarial valuation of the Scheme every 3 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 2010. 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 £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

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 Whitlawburn Housing Co-operative Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SHAPS Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for West Whitlawburn Housing Co-operative Limited was £4,256,555.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(CONTINUED)

West Whitlawburn Housing Co-operative Limited has elected to operate the Benefit option for active members as at 1 April 2009 and the same benefit structure for any new entrants.

During the accounting period West Whitlawburn Housing Co-operative Limited paid contributions at the rate of 9.6% for future service contributions and 10.4% of the pensionable payroll at 30th September 2009 for past service contributions. Member contributions were 9.6%.

As at the balance sheet date there were 22 active members of the Scheme employed by West Whitlawburn Housing Co-operative Limited. The annual pensionable payroll in respect of these members was £601,866.

West Whitlawburn Housing Co-operative Limited continues to offer membership of the Scheme to its employees.

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)	% p.a.
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

(*expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculation the additional contributions).

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011
(CONTINUED)

17. Capital commitments

	2011 £	2010 £
Expenditure authorised by the Committee of Management contracted less certified	230,659	-

18. Housing Stock

The number of units in Management at 31 March was as follows:-

	2011 No	2010 No
General Needs	644	644
Supported	-	-
Shared Ownership	-	-
	<u>644</u>	<u>644</u>

19. Related Parties

All members of the Committee of Management are tenants of the Co-operative. The transactions with the Co-operative are all done on standard terms, as applicable to all tenants. Expenses relating to internet line rental costs for three Committee members were £442.

West Whitlawburn Housing Co-operative Limited (WWHC) works in partnership with Whitlawburn Community Resource Centre (WCRC) and co-operates in the pursuit of its charitable objectives. During the period WWHC recorded £74,968 of grants on behalf of WCRC and paid £238,406 of expenses, 75% of which related to payroll costs. At 31 March 2011 the amount owed to WWHC was £160,869 (2010: £190,302) which is fully provided for in the financial statements of WWHC. WWHC have confirmed that they are not going to charge interest on the outstanding balance.

At the year-end WWHC donated £85,000 to support the WCRC in the provision of Whitlawburn Community Regeneration. Amounts due to WCRC from WWHC at year-end were £85,000 (2010: £nil).

Also during the year WWHC completed the construction of a 5-a-side football pitch which is held in the fixed asset register of WWHC with rental income being recognised in the financial statements of WCRC. No management recharges have been recognised in the accounts of WCRC or WWHC as construction was not completed until March 2011.

There is also a related company called Whitcomm Co-operative Limited, a company limited by guarantee, that has been set up to provide low cost telecommunications to encourage social inclusion. During the period WWHC recorded £7,282 of expenses on behalf of Whitcomm Co-

operative Limited and at 31 March 2011 the amount owed to WWHC was £49,346 (2010: £42,064)

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

20. Leasing Commitments

At 31st March 2011 the Co-operative had the following annual operating lease agreements for the year ending 31 March 2011 and beyond.

	2011	2010
	Equipment	Equipment
	£	£
Operating leases which expire:		
Within one year	560	-
Within two to five years	-	94,423
After more than five years	103,230	-
	<u>103,790</u>	<u>94,423</u>

21. Contingent liability

Other

In the year to 31st March 2005 the Co-operative was informed by Communities Scotland that development allowances in the prior year of £200,000 had been overpaid.

The Co-operative does not accept the validity of the claim and will contest any action for repayment.

Negotiations are still ongoing and the outcome cannot yet be determined.

Pensions

West Whitlawburn Housing Co-operative 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 2010. As of this date, the estimated employer debt for West Whitlawburn Housing Co-operative Limited was £4,251,845. West Whitlawburn Housing Co-operative Limited has no current plans to withdraw from the Scheme.

West Whitlawburn Housing Co-operative Limited has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for West Whitlawburn Housing Co-operative Limited was £4,710.