

**WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED**

**FINANCIAL STATEMENTS**

**For the year ended 31 March 2012**

**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 2012**

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### **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 2012**

The Committee of Management present their report and audited financial statements for the year ended 31 March 2012.

### **Principal activity**

The principal activity of the Co-operative is the provision and management 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.

### **Legal Status**

The Co-operative is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No 2308R(S). The Co-operative is constituted under its Rule Book. The Co-operative is a Registered Scottish Charity with the Charity Number SCO38737.

### **Business review**

The Co-operative made a surplus of £34,108 during the year (2011 – surplus restated £39,621). Following the implementation of the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010 (SORP 2010), the Association has implemented component accounting. As a result of the changes brought about by the SORP 2010 and the detailed guidance of the Technical Notes, the Association has adopted a new accounting policy, which has resulted in a prior period adjustment. The 2011 comparative figures have been restated. This is further explained in Section 5 of the Operational Report of the Committee of Management and in Note 22 to the financial statements.

The Co-operative is in a strong financial position with over £1.04m deposited as cash funds, and could access loan facilities if required. The Co-operative continues to have a major repair investment programme due in a proportion of properties which will allow it to meet its commitments under the Scottish Housing Quality Standards during 2012\13. 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.

# **WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED**

## **REPORT OF THE COMMITTEE OF MANAGEMENT**

**YEAR ENDED 31 MARCH 2012**

### **Members of Committee of Management**

The members of the Committee of Management of the Co-operative during the year to 31 March 2012 were as follows:

Anne Anderson	Chairperson
Philip Welsh	Vice Chairperson
Muriel Alcorn	Treasurer
Cheryl Burnett	Secretary
Sheila Jamieson	
Helen Anderson	
Elizabeth Kerr	
Kirsty McElhom	
Susan Anderson	Appointed August 2011
Muriel M Alcorn	Appointed August 2011
Mary Fleming	Appointed August 2011
Susan Stevely	Resigned August 2011
Helen Gilmour	Resigned June 2011
Hazel Anderson	Resigned April 2011

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 2012 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 2012**

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 and will allow us to meet our obligations under the Scottish Housing Quality Standards.

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 £637k (2011 - £429k) during the year, of which £156k (2011 - £265k) 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 2012**

### **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 £27,443 (2011 - £28,439). 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 Component Accounting**

West Whitlawburn has adopted Component Accounting into its financial statements this year in compliance with the SORP 2010. Major Components (Note 1) of our buildings are identified and depreciated over specific economic life spans. Their replacement is then capitalised in the accounts as they occur. There are resulting prior year adjustments shown to the relevant notes to the accounts and detailed in Note 22.

### **6 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.

# **WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED**

## **REPORT OF THE COMMITTEE OF MANAGEMENT**

**YEAR ENDED 31 MARCH 2012**

### **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. In line with the SORP 2010, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other major repairs are charged to the Income and Expenditure account.

### **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 10 and 11.

### **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.

# **WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED**

## **REPORT OF THE COMMITTEE OF MANAGEMENT**

**YEAR ENDED 31 MARCH 2012**

### **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. The Co-operative's Health and Safety Systems are subject to regular external H & S audit and always achieves excellent outcomes at such audits.

### **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 two official appointees on the board of directors of Whitcomm Co-operative Ltd however both organisations have a number of other shared committee members.

WWHC worked with the local community to develop Whitcomm Co-operative Ltd. WWHC has installed 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.



# **WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED**

## **REPORT OF THE COMMITTEE OF MANAGEMENT**

**YEAR ENDED 31 MARCH 2012**

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.

### **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.

The Co-operative is working to develop proposals and a funding package for a new Community Energy Project delivering heat and hot water through a biomass district heating system, the main aims of the project being to reduce fuel poverty and carbon emissions.

# **WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED**

## **REPORT OF THE COMMITTEE OF MANAGEMENT**

**YEAR ENDED 31 MARCH 2012**

### **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



Cheryl Burnett  
Secretary

57 Belmont Road  
Whitlawburn  
Cambuslang  
G72 8PG

Date: 27/8/12

**WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED**  
**STATEMENT OF THE COMMITTEE OF MANAGEMENT'S RESPONSIBILITIES**  
**YEAR ENDED 31 MARCH 2012**

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 2012**

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 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 2012  
(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 2012 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 : 27/8/12..

# **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 10 and 11 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 2009/4 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 10 and 11 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: *3 September 2012*

# **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 2012 on pages 14 to 33. 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 9, 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](http://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 2012 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: ..... 3 September 2012

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 As restated £
Turnover	2	2,638,230	2,547,075
Operating Costs	2	<u>(2,439,072)</u>	<u>(2,340,627)</u>
Operating Surplus		199,158	206,448
Interest receivable		5,970	6,377
Interest payable		<u>(171,020)</u>	<u>(173,204)</u>
Surplus on ordinary activities before tax		34,108	39,621
Corporation tax on surplus on ordinary activities	4	<u>-</u>	<u>-</u>
Surplus for year		<u>34,108</u>	<u>39,621</u>

The results for the year relate wholly to continuing activities.

## STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDING 31 MARCH 2012

	2012 £	2011 As restated £
Surplus for the year	34,108	39,621
Prior period adjustment (Note 22)	128,155	-
Total surpluses and deficits recognised since last reporting period	<u>162,263</u>	<u>39,621</u>



# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2012

	Notes	2012	2011
		£	As restated £
<b>Tangible Fixed Assets</b>			
Housing properties			
- Gross cost less depreciation	5	50,935,793	50,475,468
Less: Housing Association Grant	5	(46,826,412)	(46,669,959)
		4,109,381	3,805,509
Other Fixed Assets	5	94,283	106,700
		<u>4,203,664</u>	<u>3,912,209</u>
<b>Current Assets</b>			
Debtors	6	455,911	463,894
Cash at bank and in hand		1,045,650	1,158,470
		<u>1,501,561</u>	<u>1,622,364</u>
<b>Creditors: Amounts falling due within one year</b>	7	<u>(857,802)</u>	<u>(677,829)</u>
<b>Net Current Assets</b>		<u>643,759</u>	<u>944,535</u>
<b>Total assets less current liabilities</b>		4,847,423	4,856,744
<b>Creditors: Amounts falling due after more than one year</b>	8	<u>(2,992,377)</u>	<u>(3,035,804)</u>
		<u>1,855,046</u>	<u>1,820,940</u>
<b>Capital and reserves</b>			
Share capital	12	685	687
Revenue reserve	13	1,238,941	472,368
Designated reserves	14	615,420	1,347,885
<b>Total Funds</b>		<u>1,855,046</u>	<u>1,820,940</u>

The financial statements were approved and authorised for issue by the Committee of Management on 27/8/12 and signed on its behalf by: -

Secretary Cheryl Burnett

Member N. M. ...

Member Emme Anderson

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2012

	Notes	2012	2011
		£	As restated £
<b>Net cash inflow from operating activities</b>	<b>15</b>	591,963	323,765
<b>Return on investments and servicing of finance</b>			
Interest received	5,970		6,377
Interest paid	(171,020)		(173,204)
			<hr/>
<b>Net cash (outflow) from returns on Investments &amp; servicing of finance</b>		(165,050)	(166,827)
<b>Taxation</b>			
Corporation Tax paid	-		-
Corporation Tax received	-		-
		<hr/>	<hr/>
		-	-
<b>Investing Activities</b>			
Acquisition and construction of Housing properties	(607,257)		(519,174)
Purchase of other fixed assets	(29,651)		-
Social Housing Grant received	156,453		265,737
			<hr/>
<b>Net cash (outflow) from investing activities</b>		(480,455)	(253,437)
<b>Net cash (outflow) before financing</b>		(53,542)	(96,499)
<b>Financing</b>			
Issue of Share Capital	79		79
Loans received	-		-
Loans repaid	(59,354)		(63,963)
			<hr/>
<b>Net cash inflow from financing</b>		(59,275)	(63,884)
<b>(Decrease) in cash</b>		<u>(112,817)</u>	<u>(160,383)</u>

Further details are given in note 15

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

### 1. Principal accounting policies

#### (a) 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 Housing Providers Update 2010" and applicable accounting standards.

#### (b) Changes to accounting policy

Where any new policy is thought to be more appropriate, this amendment will be made and noted below with any prior period adjustment also being made, where it has material and fundamental impact.

#### (c) 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.

#### (d) 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.

#### (e) 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.

#### (f) 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.

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

### 1. Principal accounting policies (continued)

#### (g) Improvements

In previous years, 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.

The adoption of Component Accounting during the year represents a change in accounting policy. Previously the major components of the Association's housing properties were deemed to be land and buildings. The major components are now deemed to be Land, Structure, Roofs, Windows, Kitchens, Bathrooms and Central Heating. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in Note 1(h)(i). The new accounting policy is compliant with the SORP 2010.

#### (h) 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%

#### (i) 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 each major component that makes up the housing property as follows;

Land	Not depreciated
Structure	Over 60 years
Doors	Over 30 years
Windows	Over 30 years
Heating	Over 30 years
Bathroom	Over 30 years
Kitchen	Over 15 years
Lift	Over 30 years

#### (j) 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.

# **WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2012**

### **1. Principal accounting policies (continued)**

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

#### **(k) 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.

Due to the introduction of component accounting the Committee has decided to reclassify its major repairs designated reserve as a reserve to fund future planned cyclical maintenance.

#### **(l) Pensions**

The Co-operative participates in the centralised Social Housing Associations Pension Scheme (SHAPS). 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.

The expected cost to the Association of Pensions is charged to the Income and Expenditure Account. So as to spread the cost of fee pensions over the service lives of the employees.

#### **(m) Lease obligations**

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

#### **(n) 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.

#### **(o) 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.

#### **(p) Apportionment of management expenses**

Direct employee administration and operating costs have been apportioned to the Income and Expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealing with in those accounts.

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012  
(CONTINUED)

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

	Note	2012		2011 Operating Surplus/(deficit) As restated
		Turnover	Operating Costs	
		£	£	£
Income from Lettings	3a	2,541,934	2,170,721	308,827
Other Income and Expenditure	3b	96,296	268,351	(102,379)
Total		<u>2,638,230</u>	<u>2,439,072</u>	<u>206,448</u>
As restated 2011		<u>2,547,075</u>	<u>(2,340,627)</u>	<u>206,448</u>

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

(CONTINUED)

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

	2012	2011
	£	As restated £
<b>Lettings</b>		
Rent receivable net of service charges	2,569,377	2,414,914
Service charges	-	-
Gross income from rents and service charges	<u>2,569,377</u>	<u>2,414,914</u>
Less: Rent losses from voids	<u>(27,443)</u>	<u>(28,439)</u>
Net income from rents and service charges	2,541,934	2,386,475
Grants from the Scottish Ministers	-	24,737
Other revenue grants	-	-
Total income from lettings	<u>2,541,934</u>	<u>2,411,212</u>
<b>Expenditure on Letting Activities</b>		
Service costs	68,829	74,826
Management and maintenance administration costs	1,193,309	1,267,656
Reactive maintenance	563,920	491,554
Planned and cyclical maintenance including major repairs	152,219	98,006
Property depreciation	146,932	133,095
Bad debts	45,512	37,248
Operating costs for social letting activities	<u>2,170,721</u>	<u>2,102,385</u>
<b>Operating surplus for social letting activities</b>	<u>371,213</u>	<u>308,827</u>

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2011 - £nil).

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 2012  
(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 (deficit) £	Operating surplus/(deficit) for previous period of account £
Wider action/wider role	83,035	-	-	-	83,035	-	(141,701)	(58,666)	-
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development activities	3,493	-	-	-	3,493	-	(22,496)	(19,003)	(20,965)
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	-	-	-	-	-	-	(110,000)	(110,000)	(85,000)
Other activities	-	-	-	9,768	9,768	-	5,846	15,614	3,586
<b>Total from other activities</b>	<b>86,528</b>	<b>-</b>	<b>-</b>	<b>9,768</b>	<b>96,296</b>	<b>-</b>	<b>(268,351)</b>	<b>(172,055)</b>	<b>(102,379)</b>
<b>2011</b>	<b>123,419</b>	<b>-</b>	<b>-</b>	<b>12,444</b>	<b>135,863</b>	<b>(8,858)</b>	<b>(229,384)</b>	<b>(102,379)</b>	

Other activities income relates to the rental of roof space to O<sup>2</sup> and T-mobile.



# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

(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.

### 5. Tangible fixed assets

	Housing Properties Held for Letting £	Housing Properties Under Construction	Office Premises/ Community Centre £	Furniture & Equip £	Total £
<b>Cost</b>					
As at 1 April 2011	50,366,438	-	321,531	348,056	51,036,025
Prior Year Adjustment (Note 22)	799,215	-	-	-	799,215
As restated	51,165,653	-	321,531	348,056	51,835,241
Additions	607,257	-	2,917	26,735	636,909
Disposals	-	-	-	-	-
As at 31 March 2012	51,772,910	-	324,448	374,791	52,472,149
<b>Social Housing Grant &amp; Other Grant</b>					
As at 1 April 2011	46,408,586	-	160,249	-	46,568,835
Prior Year Adjustment (Note 22)	261,373	-	-	-	261,373
As restated	46,669,959	-	160,249	-	46,830,208
Additions	156,453	-	-	-	156,453
Rebated	-	-	-	-	-
As at 31 March 2012	46,826,412	-	160,249	-	46,986,661
<b>Depreciation</b>					
As at 1 April 2011	280,498	-	117,502	285,136	683,136
Prior Year Adjustment (Note 22)	409,687	-	-	-	409,687
As restated	690,185	-	117,502	285,136	1,092,823
Charge for year	146,932	-	6,540	35,529	189,001
As at 31 March 2012	837,117	-	124,042	320,665	1,281,824
<b>Net book value</b>					
31 March 2012	4,109,381	-	40,157	54,126	4,203,664
31 March 2011 as restated	3,805,509	-	43,780	62,920	3,912,209

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

(CONTINUED)

### 5. Tangible fixed assets (contd)

Included in housing land and buildings additions is capitalised development administration expenditure of £22,946 (2011 - £27,043).

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

6. Debtors	2012 £	2011 £
Rent arrears	149,117	165,395
Less: bad debt provision	(50,000)	(50,000)
	<u>99,117</u>	<u>115,395</u>
Housing Benefit receivable	114,888	104,389
Other Debtors and Prepayments	190,977	194,746
Amounts due from Whitcomm	50,929	49,364
	<u>455,911</u>	<u>463,894</u>

Included within other debtors is a balance of £50,929 (2011 - £49,364) which is regarded as due after one year.

7. Creditors due within one year	2012	2011
Loans	65,589	81,516
Rent in advance	128,524	127,938
Trade creditors	55,661	214,511
Other tax and social security	38,718	-
Other creditors and accruals	459,310	168,864
Amounts due to WCRC	110,000	85,000
	<u>857,802</u>	<u>677,829</u>

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

(CONTINUED)

### 8. Creditors due after more than one year

Loans

	<u>2,992,377</u>	<u>3,035,804</u>
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Loans are secured by specific charges on the Association's properties. Loans are repayable at rates of interest of 5.5% (2011: 5.5%) in instalments due as follows:

Within one year	65,589	81,516
Between one and two years	65,589	81,516
Between two and five years	196,767	244,548
In five years or more	2,730,021	2,709,740
	<u>3,057,966</u>	<u>3,117,320</u>

<b>2012</b>	<b>2011</b>
<b>£</b>	<b>£</b>

### 9. Employees

Staff costs during year

Wages and salaries	926,772	894,113
Social security costs	74,718	67,940
Pension costs	120,359	78,896
	<u>1,121,849</u>	<u>1,040,949</u>

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

	<b>No</b>	<b>No</b>
Office	17	17
Concierge	13	13
	<u>30</u>	<u>30</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.

Emoluments payable to Chief Executive (excluding pension contributions)	<b>£</b>	<b>£</b>
	<u>54,645</u>	<u>54,095</u>

The Co-operative's contributions for the Chief Executive in the year amounted to £11,254 (2011 - £8,331).

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

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

(CONTINUED)

### 10. Auditors' Remuneration

	2012 £	2011 £
The remuneration of the auditors (including expenses and including VAT for the year)	11,799	8,500
Remuneration of the auditors in respect of services other than those as auditors	1,001	-
	<u>12,800</u>	<u>8,500</u>

### 11. Reconciliation of Funds

	2012 £	2011 as restated £
At 1 April 2011 as originally reported	1,692,785	1,781,305
Prior Year Adjustment (Note 22)	128,155	-
At 1 April 2011 as restated	<u>1,820,940</u>	<u>1,781,305</u>
Surplus for year	144,108	39,621
New Shares Issued	79	79
Shares Cancelled	(81)	(65)
Net Change in Funds	<u>144,106</u>	<u>39,635</u>
At 31 March 2012	<u>1,965,046</u>	<u>1,820,940</u>

### 12. Share capital

	2012 £	2011 £
<b>Shares of £1 each fully paid and issued</b>		
Allotted, issued and fully paid at 1 <sup>st</sup> April 2011	687	673
Issued during the year	79	79
Forfeited during the year	(81)	(65)
At 31 <sup>st</sup> March 2012	<u>685</u>	<u>687</u>

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

	2012 £	As restated 2011 £
At 1 April 2011 as originally reported	344,213	432,747
Prior Year Adjustment (Note 22)	128,155	-
At 1 April 2011 as restated	<u>472,368</u>	<u>432,747</u>
Transfer from designated reserves	732,465	-
Surplus for the year	<u>34,108</u>	<u>39,621</u>
At 31 March 2012	<u>1,238,941</u>	<u>472,368</u>

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

(CONTINUED)

### 14. Designated reserves

#### Cyclical Maintenance (Previously Major Repair Reserve)

Balance at 1 April 2011	1,347,885	1,347,885
Transferred in year	(732,465)	-
Balance at 31 March 2012	<u>615,420</u>	<u>1,347,885</u>

No restrictions are placed upon these reserves, but the committee has designated their use for specific purpose. £246,168 of these reserves intend to be spent on cyclical maintenance within 1 to 2 years

	2012 £	As restated 2011 £
<b>15. Cash flow statement</b>		
<b>Reconciliation of operating surplus to net cash</b>		
<b>Inflow from operating activities</b>		
Operating surplus	199,158	206,448
Depreciation charges	189,001	169,094
Decrease/(increase) in debtors	7,983	(115,124)
Increase in creditors	195,902	63,412
Shares cancelled	(81)	(65)
	<u>591,963</u>	<u>323,765</u>
Net cash inflow from operating activities	591,963	323,765
<b>Reconciliation of net cash flow to movements in net debt</b>		
Decrease in cash for the year	(112,817)	(160,383)
Decrease in bank overdraft	-	-
Loans received	-	-
Loan repayments	59,354	63,963
	<u>(53,463)</u>	<u>(96,420)</u>
Change in net cash	(53,463)	(96,420)
Net cash as at 31 March 2011	(1,958,850)	(1,862,430)
	<u>(2,012,313)</u>	<u>(1,958,850)</u>
Net cash as at 31 March 2012	(2,012,313)	(1,958,850)

#### Analysis of Changes in net debt

	As at 31 March 2011 £	Cash Flow £	Other Changes £	As at 31 March 2012 £
Cash at bank and in hand	1,158,470	(112,817)	-	1,045,653
Overdraft	-	-	-	-
Debt due within one year	(81,516)	66,146	(50,219)	(65,589)
Debt due after one year	(3,035,804)	(6,793)	50,219	(2,992,378)
	<u>(1,958,850)</u>	<u>(53,464)</u>	<u>-</u>	<u>(2,012,314)</u>

# **WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012 (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 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%.

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 2011. As of this date the estimated employer debt for West Whitlawburn Housing Co-operative Limited was £5,077,640 (and for the Growth Plan £5,697).

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2012 (CONTINUED)

### 16. Pension Fund (contd)

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 20 active members of the Scheme employed by West Whitlawburn Housing Co-operative Limited. The annual pensionable payroll in respect of these members was £584,030.

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
<b>Rate of pension increases</b>	
- 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

<b>Mortality Tables</b>	
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 2012**

**(CONTINUED)**

### **16. Pension Fund (contd)**

West Whitlawburn Housing Co-operative is participating in, and taking a lead role in the Committee of, the SHAPS Employers Group which is a group set up by Employers in Voluntary Housing in conjunction with The Glasgow West of Scotland Forum and the Scottish Federation of Housing Associations. This will keep the Co-operative abreast of all developments in the financial environment and pensions industry which could impact on their pensions scheme.

West Whitlawburn Housing Co-operative Limited participates in the Pensions Trust's Growth Plan. The Plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension Plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Growth Plan allow for the declaration of bonuses and / or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses / investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Growth Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels.

Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

West Whitlawburn Housing Co-operative Limited paid no contributions to the Growth Plan during the accounting period. As at the balance sheet date one active member of the plan was enrolled by West Whitlawburn Housing Co-operative. West Whitlawburn Housing Co-operative continues to offer membership of the Plan to its employees.



# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

(Continued)

### 16. Pension Fund (contd)

West Whitlawburn Housing Co-operative has been notified by the Pension Trust of the Scottish Housing Association Pension Scheme (SHAPS) that past service deficit contributions payable for the year to 31 March 2012 is £65,183.

### 17. Capital commitments

	2012 £	2011 £
Expenditure authorised by the Committee of Management contracted less certified	197,080	230,659

### 18. Housing Stock

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

	2012 No	2011 No
General Needs	644	644
Supported	-	-
Shared Ownership	-	-
	644	644

### 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 £552.

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 £62,582 of grants on behalf of WCRC and paid £293,725 of expenses, 63% of which related to payroll costs. At 31 March 2012 the amount owed to WWHC was £41,103 (2011: £160,869) 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 £110,000 to support the WCRC in the provision of Whitlawburn Community Regeneration. Amounts due to WCRC from WWHC at year-end were £110,000 (2011: £85,000).

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

(Continued)

### 19. Related Parties (contd)

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 £11,800 of expenses on behalf of Whitcomm Co-operative Limited and at 31 March 2012 the amount owed to WWHC was £50,929 (2011: £49,346)

### 20. Leasing Commitments

At 31<sup>st</sup> March 2012 the Co-operative had the following annual operating lease agreements for the year ending 31 March 2012 and beyond.

	2012 Equipment £	2011 Equipment £
Operating leases which expire:		
Within one year	-	560
Within two to five years	1,506	-
After more than five years	126,353	103,230
	<u>127,859</u>	<u>103,790</u>

### 21. Contingent liability

#### Other

In the year to 31<sup>st</sup> 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.

Housing Association Grant allocated to components (as detailed in Note 1) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2012 was £nil (2011: £nil).

# WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

(Continued)

### 22. Prior Period Adjustment- Component Accounting

Following the implementation of the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010 (SORP 2010), the Association has implemented component accounting. As a result of the changes brought about by the SORP 2010 and the detailed guidance of the Technical Notes, the Association has adopted a new accounting policy, which has resulted in a prior period adjustment.

The principle of component accounting is to account separately for each major component of a property asset with substantially different useful economic lives, and to depreciate them over their useful economic life. This has resulted in major works expenditure written off in prior years being capitalised, and an additional depreciation charge being recognised. In total this has led to an adjustment as at 31 March 2010 of a reduction of fixed assets of £98,259. This is represented by an increase in fixed asset cost of £867,296, an increase in fixed asset HAG of £419,373 and an increase in accumulated depreciation of £349,661.

The effect of this change on the comparative year's figures of 2011 has been to:

	£
Increase depreciation charge	(60,023)
Decrease major works charged against income	<u>89,919</u>
Increase in the surplus for the year	<u>29,896</u>

In addition the effect upon the balance sheet has been to:

Increase fixed asset cost	957,215
Increase fixed asset HAG	(419,373)
Increase fixed asset depreciation	<u>(409,687)</u>
Net movement in the balance sheet - increase	<u>128,155</u>