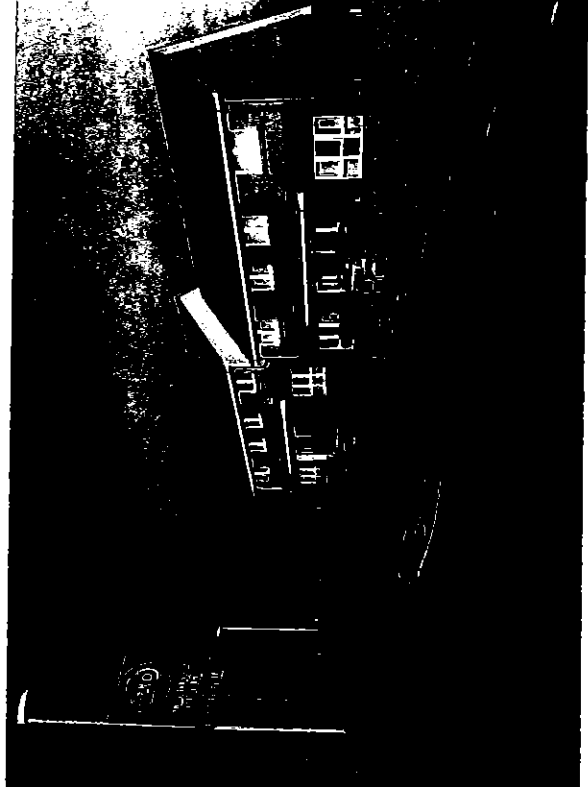
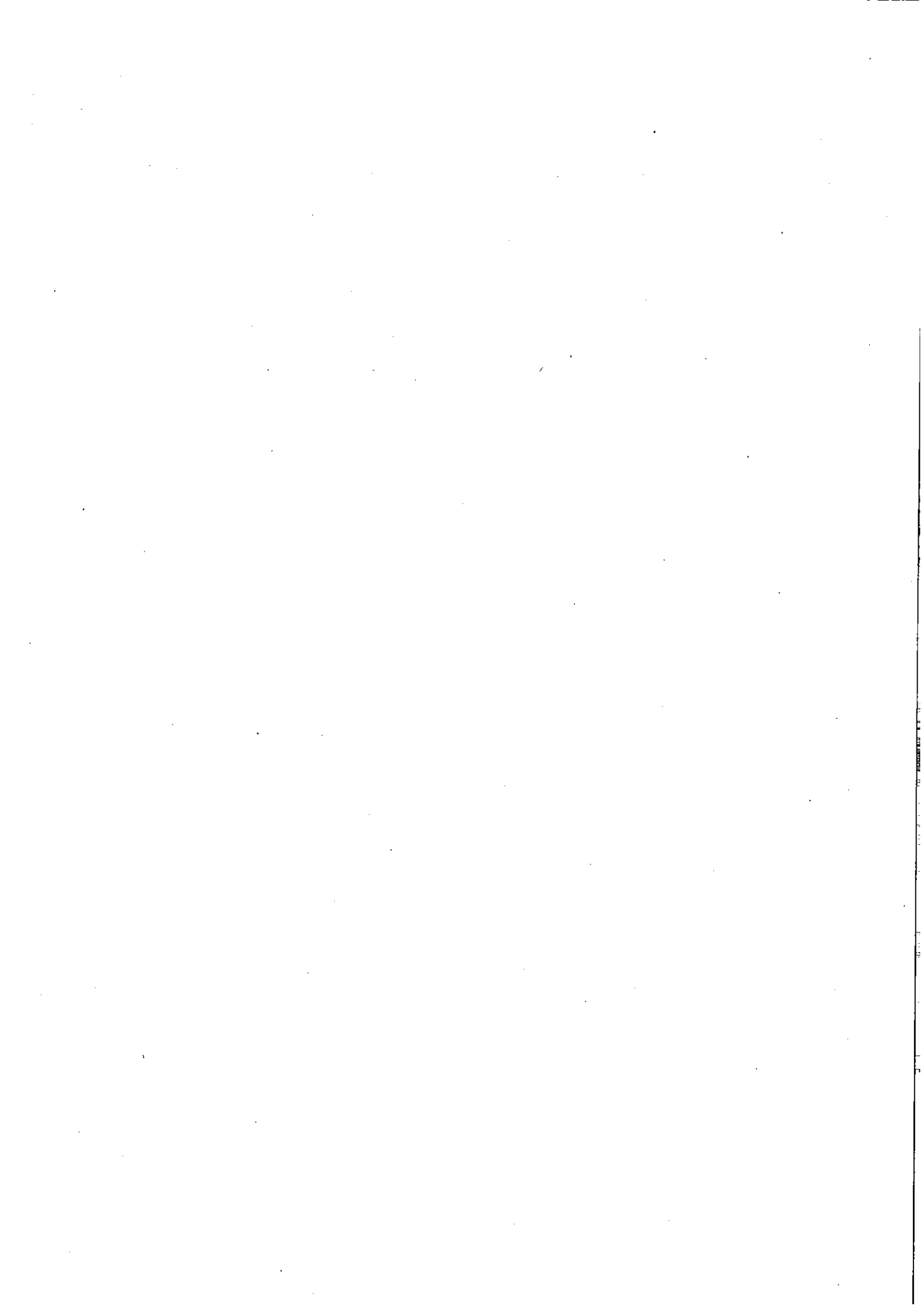


WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2010



Scottish Charity Number: SC018486



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2010

INDEX

Pages

Management Committee, Executives and Advisers	1
Report of the Trustees	2-11
Statement of Committee of Management Responsibilities	12
Statement of Internal Financial Control	12
Report of the Auditors	13 - 14
Income and Expenditure Account	15
Balance Sheet	15
Cash Flow Statement	16
Notes to the Financial Statements	17 - 31

**West of Scotland Housing Association Limited
Management Committee, Executives and Advisers
Year Ended 31st March 2010**

Management Committee

Andrew Martin
Anthony Williams
Mark Akers
Douglas Brown
Ena Hutchison
John Loran
Ian McGibbon
Katie McLeod
Colin Menabney
Rab Morrow
Clare Newton
Alison Saville
Jenny Smyllie
Annette Weaver
Siobhan White
Kate Robinson
Jim Hayton
Austin Hardie

Resigned Jan 2010
Chair
Resigned Jan 2010

Vice Chair

Resigned Dec 2009
Resigned Apr 2009

Elected Feb 2010
Elected March 2010
Elected April 2010

Executive Officers

Duncan McNaught
Carron Garmory
Colin Turnbull
Matthew Millar

Elinor Taggart

Chief Executive
Director of Finance and Corporate Services
Director of Housing Services
Director of Property Investment
(Retired April 2010)
Director of Property Investment
(from April 2010)

Company Secretary

Marie Campbell

Registration Particulars

Financial Services Authority
Scottish Housing Regulator
Scottish Charities

Industrial and Provident Societies Act 1965
Registered Number 1828R(S)
Housing Scotland Act 2001
Registered Number HEP201
Charity and Trustee Investment Act (Scotland)
2005
Scottish Charity Number SC018486

Auditors

Baker Tilly UK Audit LLP
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Bankers

Barclays Bank PLC
1st Floor
Aurora House
120 Bothwell Street
Glasgow
G2 7JT

Solicitors

Harper Macleod LLP
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

West of Scotland Housing Association Limited
Report of Trustees of West of Scotland Housing Association Limited
Year Ended 31st March 2010

The Management Committee presents its report and the audited financial statements for the year ended 31 March 2010.

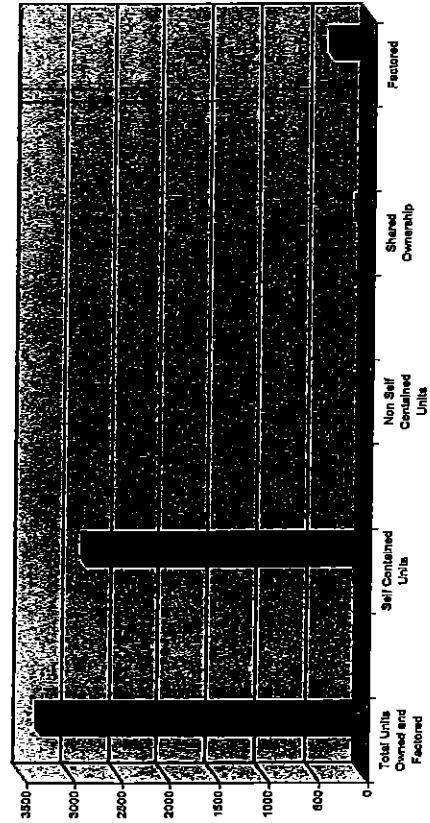
Principal Activities

The principal activity of West of Scotland Housing Association Ltd is the provision of quality housing, accommodation and assistance for the relief of those in need.

West of Scotland Housing Association Ltd is registered with the Financial Services Authority as a Friendly Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and Scottish Housing Regulator as a Registered Social Landlord

The graph below shows a breakdown of the properties we own and manage as at 31 March 2010.

Breakdown of Properties Owned and Managed



Strategic Aims and Objectives

The Associations mission continues to be to create “Sustainable, Affordable Housing and Communities where people want to live”. With that in mind the trustees have established a set of core values that are focused around four key ‘themes’:-

- Customers
- Communities
- Corporate Strength
- Culture

These ‘themes’ are embedded in all aspects of the associations’ business and augmented by values, objectives and goals (overleaf) to make them more tangible and to allow them to be translated into specifically measurable tasks.

West of Scotland Housing Association Limited
Report of Trustees of West of Scotland Housing Association Limited
Year Ended 31st March 2010

Core Values, Objectives and Goals 2010 - 2013

Core Value	Objectives	Goals
Customers: Customers First Equality of Access to Service Provision	To ensure all aspects of service delivery meet customer priorities and changing aspirations and are affordable, efficient and effective.	To develop and implement strategies to improve service quality, develop involvement, and meet the needs of our customers by achieving upper quartile performance with comparable organisations KPIs by 31st March 2012. To provide comparable rents with sector norm and high quality services and to improve value for money by 31st March 2012
Communities: Community Responsibility Partnership	To be proactive in activities beyond just housing in order to sustain/develop communities where people want to live To be proactive to Business Development opportunities	To develop and implement strategies for social enterprise in areas of large stock holding and complete delivery of existing area plans by 31st March 2013. To maintain growth by an average of 100 to 150 quality homes per annum until 31st March 2013. To review all areas of activity where any opportunities/threats have been identified (eg mid market rent, sale of services) and provide proposals for progressing same by 31 st March 2011.
Corporate Strength Organisation Sustainability Quality of assets	To maintain and develop effective relationships with all stakeholders, be recognised as one of Scotland's top performing RSLs Manage our assets effectively, including whole life asset management	To increase growth through partnership with at least one other organisation, and develop and deliver working relationships with others by 31st March 2012 To raise the profile of the Association by implementation of the PR and Communications Strategy by 31 st December 2010. To review and deliver our investment strategy to ensure our stock and assets meet the changing needs and aspirations of our tenants, and meets the Scottish Housing Quality Standard by 31st March 2015.
Culture: Supportive of Staff Best Value	An exciting and enjoyable organisation where people want to work and volunteer	To be an organisation that attracts, retains and develops high quality engaged staff through maintaining Investors In People and a satisfaction level of over 90% by 31st March 2012 To be an organisation that attracts, retains and develops high quality effective and engaged volunteers that reflect the communities we serve by 31st March 2012

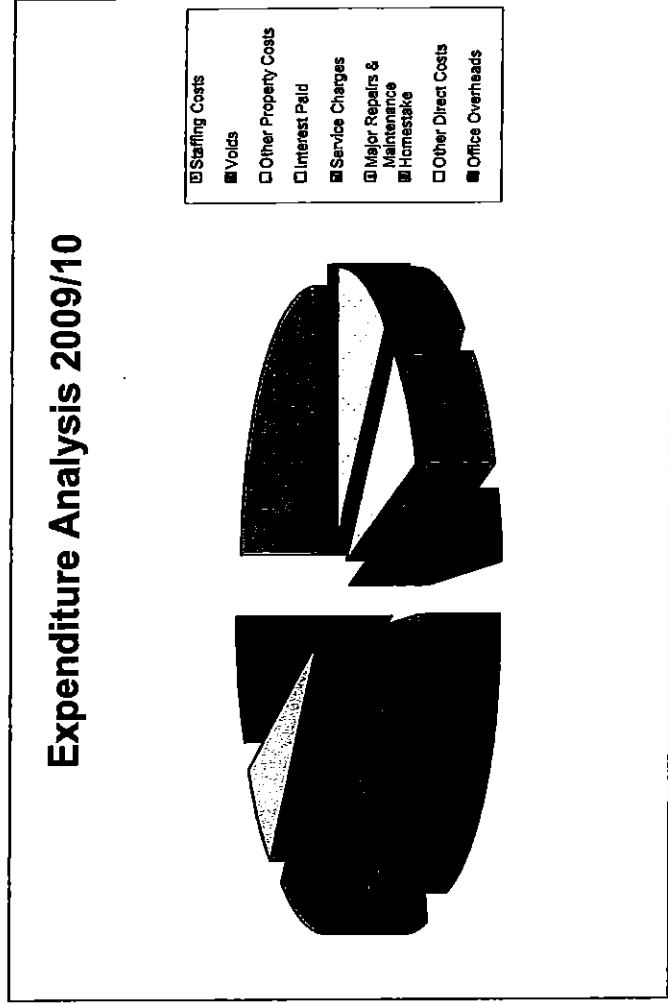
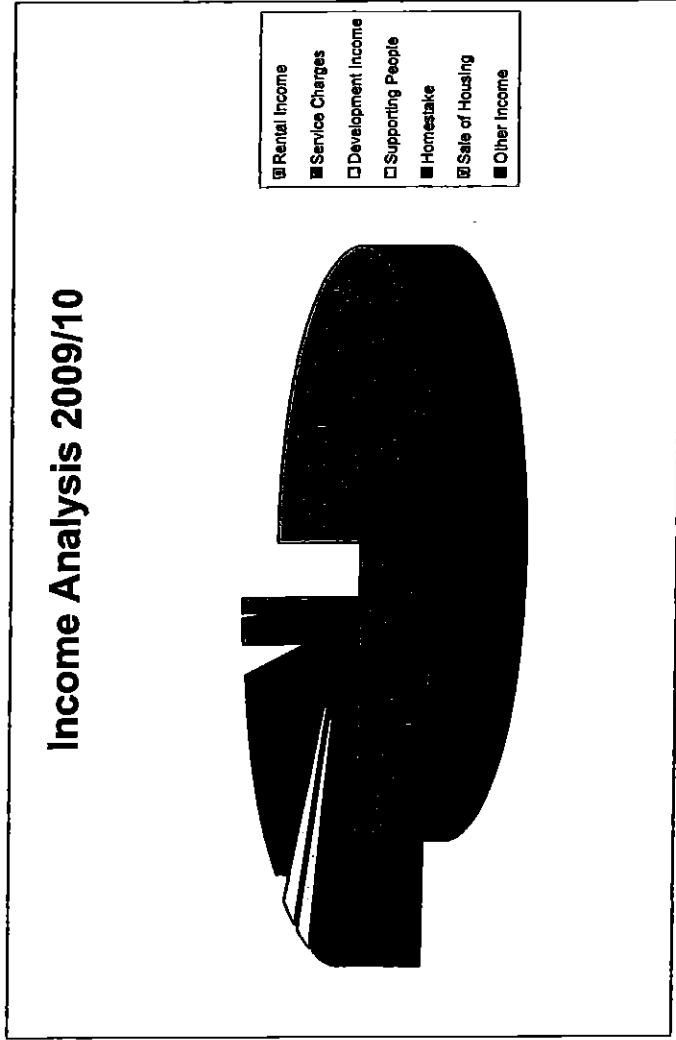
The areas represent some of the key challenges for the association in the next 12 months. It shows the Association's desire to deliver on its commitment to supporting the communities in which we operate.

West of Scotland Housing Association Limited
Report of the Trustees of West of Scotland Housing Association Limited
Year Ended 31st March 2010

Financial Review

West of Scotland Housing Association Ltd made a surplus of £795,242 during the financial year. During the course of the year rental income, after voids, grew from £8,059,986 in 2008/09 to £9,018,354 in 2009/10.

The following charts show a breakdown of our income and expenditure on 2009/10:



West of Scotland Housing Association Limited
Report of the Trustees of West of Scotland Housing Association Limited
Year Ended 31st March 2010

Development Activities

2009/10 has been another very active year in terms of Development activity. We have spent £16,107,564 (2009 - £29,396,124) during the year, of which £6,181,206 (2009 - £22,284,000) is funded by grants received from the Scottish Government and/or Glasgow City Council DRS (Housing Association Grant) and/or other agencies. There are also a substantial number of properties in the pipeline for completion in 2010/11.

Whilst the recession has taken its toll on the property sector, it has led to an increased demand for affordable social housing. Our Development Department have continued to oversee the building of both rented accommodation as well as Homestake properties, which are houses or flats that are sold on a shared equity basis.

During the course of the year we completed schemes at David Street, and Camlachie in Glasgow, Fernhill, Whitehill and Old Union Street in Lanarkshire, Old Stamping Works and Bakery Site in Ayrshire. In addition to carrying on with current schemes we also started work at Turriff Street and an additional phase at Camlachie.

The Scottish Government has continued to review how the social housing sector carries out its development procurement although they have not as yet, arrived at a definitive way forward.

As part of the Efficiency Agenda, the Scottish Government has announced reductions in Housing Association Grant (HAG) to levels more comparable to those in England. This has had the effect of Associations requiring higher levels of private finance to build future developments. West of Scotland already has financial arrangements in place that will enable us to continue developing and indeed have front funded several schemes in order to facilitate the building programme.



Property Maintenance

West of Scotland seeks to maintain its properties to the highest standard and we continue to make progress towards meeting the Scottish Housing Quality standard by 2015. To this end, the Association has a long term programme of major repairs to cover for work which has become necessary since the original development were completed, including works required for subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. Day to day repairs and programmes of cyclical repairs are carried out so that our properties remain desirable places in which to live.

West of Scotland Housing Association Limited
Report of the Trustees of West of Scotland Housing Association Limited
Year Ended 31st March 2010

We are continuing our 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. Over the course of the last year the Association invested over £2m in our existing stock. We are updating our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements and have invested in software to ease the production, integration and transparency of information.

Operational Review

Corporate Governance

West of Scotland Housing Association's governing body is known as the Management Committee and they are elected by the members of the Association. (See above for details). It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction for the Association. They also monitor the operational activities of the Association. The members of the Management Committee are unpaid.

The Management Committee are the Association's trustees and are responsible to the wider membership as well as our regulators.

The Executive Team of West of Scotland Housing Association (as listed above) is responsible for achieving strategy and undertaking the operational activities in line with the policies approved by the Management Committee.

As part of our commitment to continuous improvement and as outlined in our objectives for 2010/13 we have undertaken a review of the existing Corporate Governance Structure of the Association. This also extends to aspects of the new Code of Governance issued by the SFHA and involves the recruitment, training and appraisals of Committee members.

The Association has an Audit Committee which meets every quarter to consider the key risk areas of the association and receives the reports from the Association's Internal Auditors. During the year the Association's internal audit service was partly provided by Messrs Alexander Sloan. During the year we took the decision to deliver internal audit in-house and devised a 3-year rolling internal audit and improvement plan which was approved by the Audit Committee and has now been implemented.

Corporate Issues

The Association continues to make progress towards being more efficient and effective and a number of projects have taken place or commenced during 2009/10 to achieve efficiencies. We have started a review of all our IT systems, identifying training needs, changes in processes to ensure simplification and avoid duplication.

We have continued with our investment in the 'Clearview' performance management system. This allows us to monitor our progress against our objectives, link our risk register to goals and manage and monitor our KPI's.

The way we deliver our services is underpinned by the performance of our staff and the Association remains committed to investment in staff potential. During 2009/10 we introduced a competency based appraisal system and are currently piloting this with a view to full roll out during 2010/11. In addition in order to improve communication across the Association both internally and externally a Communications and PR working group was formed and we introduced a Communications and PR Strategy which was implemented during 2009/10. Feedback from staff is that internal communication has been improved and we will continue to ensure this is a priority for the Association.

West of Scotland Housing Association Limited
Report of the Trustees of West of Scotland Housing Association Limited
Year Ended 31st March 2010

During 2010/11 we will create a Staff Health and Wellbeing group and implement a strategy. We will work with Healthy Working Lives with an aim of achieving the bronze award for health at work.

We have renewed our IIP accreditation for a further 3 year period and implemented an improvement plan for a number of areas across the association.

As part of our overall customer focussed approach we reviewed the future delivery of our housing services and successfully implemented phase 1 of this with the formation of a Customer Service Team aimed at dealing with the vast majority of calls from our tenants. Phase 2 of the restructure is underway and will be completed during 2010/11.

We commenced on site with a new office in Camlachie which will be opened during 2010/11. Staff from our existing Camlachie office, our Hamilton office and a number of staff from Cowlaits will move to the new office at the end of September 2010.

Best use of resources

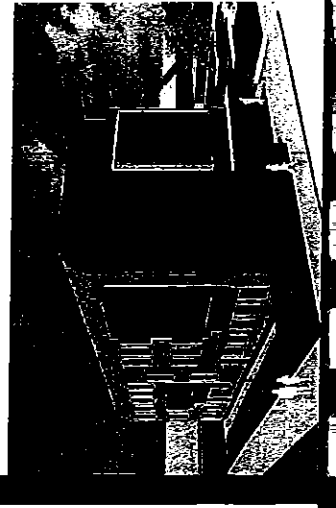
We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. These are considered at departmental and organisational level and regularly reviewed by the Audit Committee.

Financial Environment

The financial year just ended has been another turbulent year with the effect being felt by banks, industry and stock markets across the world. The Association can never be immune from the economic environment in which we operate, however, we do feel that the Association is well equipped to weather the present financial storms.

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 moved ahead with some major repairs not specifically because it had become necessary but also to meet the changing aspirations of tenants and we also brought new schemes into management.



Housing

West of Scotland Housing Association continues to work on reducing the period of time taken to re-let or let properties and minimise arrears and great progress has been made in reducing rent arrears during the year. Void losses increased during the year mainly because of the increase in the number of existing and new build houses we let rather than taking longer to let houses. Improving this performance is the top priority for the housing service this year. This ensures that we maximise our effectiveness in housing people in need, and reduce potential costs. The rent loss due to empty properties was £72,091 (2009 - £37,039). This increase is partly because we have included rent loss properties from date of handover in this year's accounts.

We met our target of keeping our non-technical rent arrears below 2.97% of our rental income, at the year end represents 2.79% of the total rent roll (2009 - 4.93%) This represents a significant improvement on the previous year and we will continue to deploy resources to continue this trend.

West of Scotland Housing Association Limited
Report of the Trustees of West of Scotland Housing Association Limited
Year Ended 31st March 2010

consultation has taken place with potential partners to provide for future support services. We are in the process of working with the funding councils to transfer the Supporting People service within Lanarkshire and Glasgow to other providers.

Finance and IT

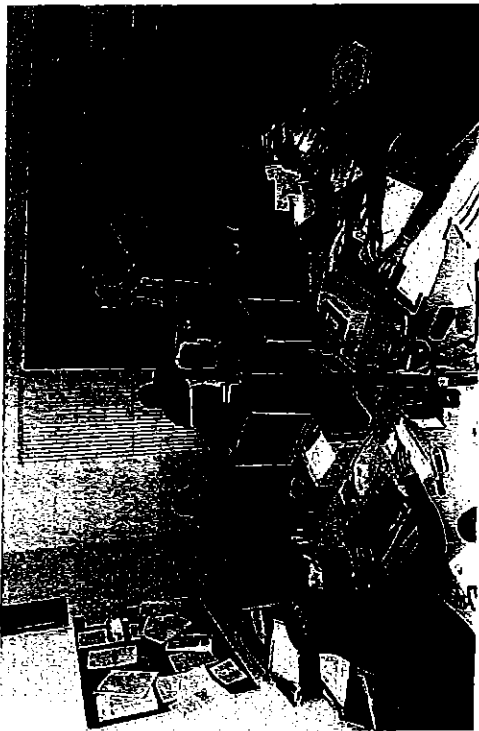
RSL's, and the market in general, have been exposed to the 'credit crunch' that has affected global markets. This has resulted in more stringent terms being applied to private finance, however, West of Scotland were fortunate to have signed an agreement with our core lenders prior to the deterioration of financial markets.

Each year the Management Committee approves the annual budget and rolling long term projections. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Management 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.

The Association has introduced an electronic Document Management System which it is hoped will help with the storage and retrieval of information. This has been implemented in a number of areas within the Association and will be rolled out across the whole of the Association during 2010/11.

Risk Management Policy

The Committee have formal risk management processes to assess business risks and implement risk management strategies. This involved identifying the types of risks the Association 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 Association's current internal controls and review the risk register at the quarterly Audit Committees.



Communities

West of Scotland Housing Association continues to actively promote its role in Community Regeneration, especially in communities that we are already committed. We have undertaken a number of successful projects working with local community groups, have been actively involved in Cowlares Development Trust and are a key driving force behind the Camlachie Masterplan. We are currently part funding a post employed by GERA (Glasgow East Regeneration Agency) to consider improvement for the area. The post has helped establish the Camlachie Community Group which is overseeing the production of the Masterplan.

Support Services

The challenge of reducing Supporting People Grants means that the Association is having to look at all possible mechanisms to balance the expectations of tenants against a tightening financial envelope and

West of Scotland Housing Association Limited
Report of the Trustees of West of Scotland Housing Association Limited
Year Ended 31st March 2010

In addition, we have started a full review of the risk register at a corporate level with phase 2 reviewing and implementing local risk registers at departmental/team level.

Rental Income

The Association'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 Association's properties. The point's value is reviewed annually to ensure that the rents cover the required costs. Whilst this policy follows the generally accepted practice/principles of the housing movement, we are currently undertaking a review of its operation with a view to implementing a new policy in 2011/12.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Management Committee. In this way it manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. At 31 March 2010 the Association had £43.7m in loan facilities and held deposits of £5.4m. The Association has securities in place in order to drawdown £3.8m of additional loan facilities.

Given the extreme volatility in financial markets and interest rates, professional guidance has been sought during the last year in connection with the composition of our loan portfolio. We, as a matter of policy do not enter into transactions of a speculative nature. During 2009/10 we reviewed our loan portfolio in accordance with our Treasury Management Policy and implemented hedging in terms of fixed rate, forward fixed rates and Capped rates. This ensures we have some long term stability in terms of our loan portfolio.

General Reserves Policy

The Committee members have considered the reserves of the Association. This consideration encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. During the year the charity's revenue reserve increased to £8,154,859.

The Association also has a number of other designated funds. The purpose of these funds is detailed in note 1 in the financial statements.

Sales of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

In addition the Association continues to dispose of its dispersed properties where appropriate, recognising any gain on sale in the income and expenditure account.

Employee Involvement and Health and Safety

West of Scotland Housing Association takes seriously its responsibilities to employees and as a policy, provides employees with information on matters of concern to them. It is also the policy of the Association to consult where practical, employees or their representatives, so that their views may be taken into account in making decisions likely to affect their interests.

West of Scotland Housing Association Limited
Report of the Trustees of West of Scotland Housing Association Limited
Year Ended 31st March 2010

Equality & Diversity

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities, as are those from ethnic and other minority groups. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue.

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

The Association remains committed to the ethos of equality and diversity and this is incorporated into its policies and procedures.

Committee and officers' Insurance

The Association has purchased and maintains insurance to cover its Committee and officers against liabilities in relation to their duties on behalf of the association, as authorised by the Association's rules. In addition the Association has a professional indemnity insurance policy covering the agency work it undertakes for other Association.

Creditor Payment Policy

The payment policy, which the Association follows, is to pay all purchases within 28 days, although some payments are settled in 14 days, and/or in accordance with creditor terms of business.

Management Committee

The Management Committee of West of Scotland Housing Association during the year to 31 March 2010 was as follows:

Andrew Martin	Chair Person To Sept 09	1
Anthony Williams	Vice-Chair Person To Sept 09	Chair Person from Sept 09
Mark Akers		
Douglas Brown		1
Ena Hutchison		
John Loran		
Ian McGibbon		2
Katie McLeod		Vice Chair Person from Jan 10
Colin Menabney		1
Alison Saville		2
Robert Morrow		2
Clare Newton		1,2
Jenny Smyllie		1
Annette Weaver		
Siobhan White		1
Kate Robinson		
Jim Hayton		

Sub Committee Membership

1 Audit Sub Committee

2 Tenant Advisory Group

West of Scotland Housing Association Limited
Report of the Trustees of West of Scotland Housing Association Limited
Year Ended 31st March 2010

Each member of the Management Committee holds one fully paid share of £1 in West of Scotland Housing Association. The executive officers of West of Scotland Housing Association hold no interest in West of Scotland Housing Association's share capital and although not having the legal status of "director" they act as executives within the authority delegated by the Committee.

Directors

The Directors of West of Scotland Housing Association at 31 March 2010 were as follows:

Duncan McNaught	Chief Executive
Carron Garmory	Director of Finance and Corporate Services
Colin Turnbull	Director of Housing Services
Matthew Millar	Director of Property Investment

Auditors

The Association recommend Baker Tilly UK Audit LLP for re-appointment as auditors of West of Scotland Housing Association.

On behalf of the Management Committee



Dr Anthony Williams,
Chairman

West of Scotland Housing Association Limited
Report of the Trustees Of West of Scotland Housing Association Limited
Year Ended 31st March 2010

STATEMENT OF COMMITTEE OF MANAGEMENT RESPONSIBILITIES

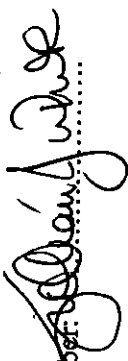
Statute requires the management committee to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the surplus or deficit. In preparing those financial statements the management committee is required to fulfil the following obligations: -

- Select suitable accounting policies and then apply them consistently
- Make judgements that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The management committee confirms that the financial statements comply with the above requirements.

The management committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enables 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) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Committee Member:  Date: 25/8/10

STATEMENT OF INTERNAL FINANCIAL CONTROL

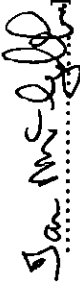
The Management Committee acknowledges that it is ultimately responsible for ensuring that the Association has in place an appropriate system of controls, including financial controls, to give reasonable assurance with regard to: -

- 1.1 the reliability of financial and other information used within the Association or for publication
- 1.2 the maintenance of proper accounting records, and
- 1.3 the safeguarding of the assets against unauthorised use or disposition.

Key elements of the Association's internal financial control systems are described below which are designed to provide reasonable but not absolute assurance against material financial mis-statement or loss.

- 2.1 Adequate and effective human resource policies particularly covering the recruitment, selection and appraisal of staff and Committee.
- 2.2 Formal policies and procedures in place and regular review covering all aspects of the Association's activities.
- 2.3 Regular reporting and monitoring procedures identifying and controlling risks both at strategic and operational levels.
- 2.4 Clear strategic plans informing the organisation's direction and activities. These are supplemented by detailed financial forecasts and regularly compared with timeously produced accounts of actual performance.
- 2.5 Appropriate and clear levels of delegation covering all aspects of authorisation and approval.

On behalf of the Management Committee, the Audit Committee has assessed the effectiveness of the system of internal financial controls in existence in the Association for the year ended 31 March 2010 and until the date below. The Management Committee is not aware of any material losses, contingencies, or uncertainties resulting from weaknesses in the internal control system that require disclosure in the financial statements or in the auditors' report on the financial statements.

Committee Member:  Date: 25/8/10

West of Scotland Housing Association Limited
Auditors Report on Corporate Governance
Year Ended 31st March 2010

**AUDITORS REPORT ON
CORPORATE GOVERNANCE MATTERS**

Corporate Governance

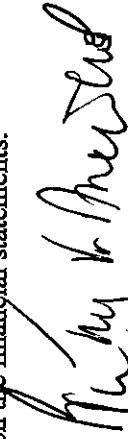
In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on page 12 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 12 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
Registered Auditors
Chartered Accountants
Glasgow

Date: 14.9.2010.....

West of Scotland Housing Association Limited
Independent Auditors Report to the Members of West of Scotland Housing Association Limited
Year Ended 31st March 2010

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED

We have audited the financial statements on pages 15 to 29, which have been prepared under the accounting policies set out on pages 17 to 19.

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 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 opinion we have formed.

Respective responsibilities of Committee of Management and auditors
The Management Committee's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Management Committee's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions with the Association is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

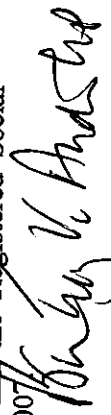
Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Committee of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2010 and of its surplus for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.



Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 14.9.2010

West of Scotland Housing Association Limited
Income and Expenditure Account and Balance Sheet
Year Ended 31st March 2010

INCOME & EXPENDITURE ACCOUNT

	2010 £'s	2009 £'s	Notes
Turnover	11,324,097	12,871,181	2
Less:			
Operating Costs	<u>(9,860,777)</u>	<u>(11,424,152)</u>	2
Operating Surplus	1,463,320	1,447,029	2
Gain on Sale of Housing Properties	126,867	232,721	
Gain on Sale of Other Fixed Assets	1,144	-	
Loss on disposal of housing fixtures	-	-	
Impairment	-	-	23
Interest Receivable	23,513	204,911	
Interest Payable	<u>(819,602)</u>	<u>(1,674,291)</u>	15
Surplus for the Year	<u>795,242</u>	<u>210,370</u>	

The results for the year relate wholly to continuing activities. Other than the surplus for the year there have been no other recognised gains or losses.

The financial statements were approved and authorised for issue by the board on 25/3/10 and signed by
 Committee Member: [Signature]
 Committee Member: [Signature]
 Company Secretary: [Signature]

BALANCE SHEET

	2010 £'s	2009 £'s	Notes
Tangible Fixed Assets			
Housing Properties - Gross Cost	191,589,610	182,541,150	10
less Depreciation	<u>(148,261,946)</u>	<u>(147,342,335)</u>	
Less: Social Housing Grant	43,327,664	35,198,815	10
LIFT Loan	234,405	234,405	
LIFT Grant	<u>(234,405)</u>	<u>(234,405)</u>	
Other Fixed Assets	1,941,966	784,961	10
	<u>45,269,630</u>	<u>35,983,776</u>	
Current Assets			
Stock	372,593	1,264,107	14
Debtors	3,809,509	5,683,042	8
Cash at Bank & in Hand	5,427,608	8,727,613	
	<u>9,609,710</u>	<u>15,674,762</u>	
Current Liabilities			
Creditors due within one year	(2,849,370)	(3,428,597)	9
Net Current Assets	<u>6,760,340</u>	<u>12,246,165</u>	
Creditors: amounts falling due after one year	52,029,970	48,229,941	
Net Assets	<u>(43,164,646)</u>	<u>(40,199,435)</u>	11
Capital & Reserves	<u>8,865,324</u>	<u>8,030,506</u>	
Share Capital	208	398	19
Designated Reserves	585,448	1,032,086	7
Capital Reserve - SAHS	124,809	124,809	1
Revenue Reserves	<u>8,154,859</u>	<u>6,873,213</u>	7
	<u>8,865,324</u>	<u>8,030,506</u>	

West of Scotland Housing Association Limited
Cash Flow Statement
Year Ended 31st March 2010

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2010

	2010	2009
	£'s	£'s
Reconciliation of operating surplus to net cash inflow		
From operating activities		
Operating Surplus	1,463,320	1,447,029
Depreciation Charges	1,278,415	998,267
Profit on Sale of Other Fixed Assets	1,144	-
Increase in Stock	891,517	651,350
Decrease/(Increase) in Debtors	1,873,533	(2,997,226)
Increase/(Decrease) in Creditors	329,044	(1,693,174)
Net cash inflow/(outflow) from operating activities	<u>5,836,973</u>	<u>(1,593,754)</u>
Cash Flow Statement		
Net Cash Inflow/(Outflow) from operating activities	5,836,973	(1,593,754)
Returns on investments & servicing of Finance	(796,089)	(1,469,380)
Capital expenditure	(10,437,407)	(4,658,908)
Financing	(5,396,523)	(7,722,042)
(Decrease)/Increase in Cash & Equivalents	<u>2,096,518</u>	<u>10,462,375</u>
Reconciliation of net cash flow to movement in net debt	<u>(3,300,005)</u>	<u>2,740,333</u>
(Decrease)/Increase in cash in year	(3,300,005)	2,740,333
Cash (inflow) from increase in Debt	(2,096,707)	(10,462,395)
Change in Net Debt	<u>(5,396,712)</u>	<u>(7,722,062)</u>
Net Debt at 1st April 2009	(32,946,815)	(25,224,753)
Net Debt at 31st March 2010	<u>(38,343,527)</u>	<u>(32,946,815)</u>

Notes

16

17

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

1. Principal accounting policies

Introduction

The Association is incorporated under the Industrial & Provident Societies Act 1965 and is registered with the Financial Services Authority. The principal accounting policies of the Association are set out in the paragraphs below. These accounts are prepared under the historical cost convention, in accordance with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice for Accounting By Registered Social Landlords and applicable Accounting Standards.

The accounts are prepared in accordance with applicable accounting standards, unless otherwise stated.

Turnover

Turnover relates to the income from letting of properties at affordable rents, and the supply of factoring services, together with revenue grants from Scottish Government, local authorities and other organisations.

Finance

The accounts have been prepared on the basis that the capital expenditure referred to in Note 10 has been grant aided, funded by loan or met out of reserves.

Mortgages

Mortgage loans are advanced by private lenders, or local authorities under the terms of individual mortgage deeds in respect of each property or housing scheme. Mortgage loans in the balance sheet may include amounts due but not received.

Social housing grants (SHG)

Social housing grants include HAG and other capital grants receivable from other funding bodies.

Housing association grant, at amounts approved by the Scottish Government, is paid directly to the Association as required to meet its liabilities during the development process. HAG is repayable under certain circumstances, primarily following sale of

property, but will normally be restricted to net proceeds of sale, after meeting secured loans and allowable costs of sale.

Fixed Assets – housing properties

Housing properties are stated at cost. The development cost of housing properties funded with traditional HAG, New Housing Partnership or under earlier funding arrangements includes the following: -

- I. Cost of acquiring land and buildings
- II. Actual development expenditure including overheads
- III. Interest charged on the mortgage loan raised to finance the scheme

These costs are either termed “qualifying costs” for approved grant schemes and are considered for mortgage loans by the relevant lending authorities or are met out of the Association’s reserves.

All invoices and architect’s certificates relating to capital expenditure incurred in the year at the net value after retentions are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year end. Related mortgage advances receivable from lending authorities are also included. Expenditure on schemes, which are subsequently aborted, is written off in the year in which it is recognised that the schemes will not be developed to completion.

Interest on development loan finance is capitalised up to practical completion where such interest charge does not represent an excess over the value of the scheme. Interest on the residual mortgage loan after this date is charged to the profit and loss account.

The actual development costs capitalised are compared with SHG eligible costs. Where the actual costs are greater than the SHG eligible costs the Committee of Management, based on present information, do not consider that the excess represents an increase in the value to the Association therefore, excess of costs over SHG eligible costs is written off in the year they are incurred. When qualifying costs are higher than actual expenditure then the actual expenditure will be capitalised and the excess SHG received reflected as revenue.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

1. Principal accounting policies (cont'd)

Expenditure on works to existing properties may be capitalised to the extent that such costs represent an increase in rental values. Contracts undertaken that represent improvements in terms of rental income may therefore be taken to fixed assets.

The Association operates component accounting and recognises the short and long term nature of key components in all existing assets and new additions depreciating long term assets over 50 years and short term items, such as kitchens, bathrooms, double glazing and central heating over 20 years. Any renewal of a short term component after its' useful life is a capital addition, not repair, and is depreciated over its' new economic life.

Capital Reserve - Negative Goodwill

Negative goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the identifiable net assets acquired over the fair value of the consideration given and is immediately taken to reserves. This is in accordance with the SORP but not in accordance with FRS 10, which requires that negative goodwill is shown as a negative asset on the balance sheet. The Committee is of the opinion that the treatment required by FRS 10 would not present a true and fair view of the Association's net assets, because the substance of the transaction is a transfer of a business by the subsidiary for no consideration rather than a purchase in the conventional manner. If the negative goodwill had been treated as a negative asset as required by FRS 10, then the Association's net assets would have been reduced by £124,809. Negative goodwill is amortised to the income and expenditure account over the same period over which depreciation is charged on the housing properties acquired.

Impairment

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. Reviews are also carried out on all other fixed assets annually.

Impairment of assets would be recognised in the income and expenditure account.

Depreciation

- (i) Housing land and buildings
- (ii) Housing fixtures replacements under major repairs

Housing Properties are depreciated over 50 and 20 years depending on the component. Renewed short life components outwith their existing economic life are capital additions and depreciated over 20 years.

The charge is calculated on the gross cost after deduction of HAG, other grants and land values..

(ii) Other Fixed Assets

Office Buildings are depreciated at 2% - 10% per annum on cost.

Motor vehicles are depreciated at 25% per annum on cost.

Office furniture and equipment is depreciated at 10% - 33% per annum on cost.

Other equipment is depreciated at 20% per annum on cost.

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

Designation for future cyclical repairs and maintenance

The Committee of Management decided that no further transfers will be made as all costs are being met from rental income in the year expenditure is incurred.

Designated Reserve for major repairs

Major repair HAG is not available for schemes which the Association developed after October 1989. Until 2007 the Association built up reserves to finance future major repairs by providing 0.8% of works costs each year. For all other schemes including those previously included in the now abolished Rent Surplus Fund £522 per unit has been provided in the designated reserve.

From 2008 the Association recognises renewals as capital additions and therefore is no longer building on its' major repairs reserve.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

Pension Costs

The Association is a member of the SFHA pension scheme for the benefit of its employees. The funds of the scheme are administered by Trustees of the pension fund. Independent actuaries complete valuations at least every three years and, in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefit set out in the rules. The cost of these is charged against the profit and loss account in the year they are incurred.

Apportionment of employee and administration costs

Direct employee, administration and operating costs have been apportioned to the relevant sections of the general income and expenditure account on the basis of costs of the staff directly engaged on the operations dealt with in these sections.

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 of the life of the property.

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

Donated land

In accordance with the Statement of Recommended Practice donated land received has been capitalised and shown as a donation valued at the estimated market value at the date of the donation.

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.

Shared Equity Home Ownership

Share Equity transactions are grants received from The Scottish Regulator and passed on to an eligible beneficiary. The Scottish Housing Regulator has the benefit of a fixed charge on the property by the beneficiary. These are classified as investments and are carried at historical cost with the linked finance cost (the grant received) being deduced from the gross amount of the Shared Equity asset.

Completed Shared Equity properties that are not sold or are work in progress are valued at the lower of cost and net realisable value, based on estimated sale price after allowing for all further costs of completion and disposal.

Low Cost Initiatives for First Time buyers (LIFT)

LIFT transactions are grants received from the grant awarding body and passed onto an eligible beneficiary. The grant awarding body has a benefit of a fixed charge on the property. This entitles the grant awarding body to a share of the proceeds on the sale of the property by the beneficiary. These are classified as investments and are carried at historical cost with the linked finance cost (the grant received) being deducted from the gross amount of the asset.

As from 1 April 2008 the Scottish Government has taken security over completed sales and the Association no longer includes grants and related loans to the owner on the balance sheet.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

2. Particulars of Turnover, Operating Costs & Operating Surplus or Deficit

	Turnover £'s	Operating Costs £'s	2010 Operating Surplus or Deficit £'s	2009 Operating Surplus or Deficit £'s
Income & Expenditure from Social Letting Activities	9,047,363	6,945,258	2,102,105	1,873,086
Other Income & Expenditure	2,276,734	2,915,519	(638,785)	(426,057)
Total	<u>11,324,097</u>	<u>9,860,777</u>	<u>1,463,320</u>	<u>1,447,029</u>
2009	<u>12,871,181</u>	<u>11,424,152</u>	<u>1,447,029</u>	

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

3a. Particulars of turnover, operating costs & operating surplus or deficit from social letting activities

	General Needs Housing		Supported Housing		Shared Ownership		2010 Total		General Needs Housing		Supported Housing		Shared Ownership		2009 Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Income from Lettings																
Rent Receivable net of Service Charges	8,368,772	152,378	115,717	8,636,867	7,477,970	108,562	113,642	7,700,174	7,477,970	108,562	113,642	7,700,174				
Service Charges Receivable	435,370	10,542	7,666	453,578	380,465	8,852	7,534	396,851	380,465	8,852	7,534	396,851				
Gross Income from rent & service charges	8,804,142	162,920	123,383	9,090,445	7,858,435	117,414	121,176	8,097,985	7,858,435	117,414	121,176	8,097,985				
Less: Rent Losses from Voids	(69,853)	(1,272)	(966)	(72,091)	(35,970)	(522)	(547)	(37,039)	(35,970)	(522)	(547)	(37,039)				
Net income from rent & service charges	8,734,289	161,648	122,417	9,018,354	7,822,465	116,892	120,629	8,059,986	7,822,465	116,892	120,629	8,059,986				
Revenue grants from Communities Scotland	29,009	-	-	29,009	15,265	-	-	15,265	15,265	-	-	15,265				
Total Turnover from Social Letting Activities	8,763,298	161,648	122,417	9,047,363	7,837,730	116,892	120,629	8,075,251	7,837,730	116,892	120,629	8,075,251				

Expenditure on Social Letting Activities

Services	443,686	4,704	3,572	451,962	425,616	4,050	4,240	433,906	425,616	4,050	4,240	433,906				
Management & Maintenance admin costs	3,067,409	53,143	28,522	3,149,074	2,901,639	-	-	2,901,639	2,901,639	-	-	2,901,639				
Planned, Cyclical & Major Repair Costs	1,073,208	10,906	-	1,084,114	983,106	-	-	983,106	983,106	-	-	983,106				
Reactive Maintenance Costs	1,024,942	18,083	-	1,043,025	961,281	13,443	-	974,724	961,281	13,443	-	974,724				
Bad Debts – rents & service charges	39,697	-	-	39,697	57,738	-	-	57,738	57,738	-	-	57,738				
Depreciation of Social Housing	1,067,692	-	12,241	1,079,933	838,039	-	13,013	851,052	838,039	-	13,013	851,052				
Other (Impairment)	97,453	-	-	97,453	-	-	-	-	-	-	-	-				
Operating Costs for Social Letting Activities	6,814,087	86,836	44,335	6,945,258	6,167,419	17,493	17,253	6,202,165	6,167,419	17,493	17,253	6,202,165				
Operating Surplus on Social Letting Activities	1,949,211	74,812	78,082	2,102,105	1,670,311	99,399	103,376	1,873,086	1,670,311	99,399	103,376	1,873,086				

All service charges receivable on housing accommodation are eligible for housing benefit.

The impairment charge is in respect of 127 houses demolished by the Association. They had a net book value of £97k, after deduction of land cost, and had a market value of £zero. Therefore, £97k has been shown as an impairment charge.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

3b. Particulars of turnover, operating costs & operating surpluses or deficits 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)	2009 Total
	£	£	£	£	£	£	£	£	£
Wider Role	48,172	-	-	-	48,172	-	154,635	(106,463)	(22,586)
Factoring	-	-	-	23,869	23,869	1,834	50,029	(27,994)	(32,129)
Development Activities	-	-	-	280,533	280,533	-	513,675	(233,142)	(245,445)
Support Activities	-	-	306,216	-	306,216	-	335,826	(29,610)	(38,743)
Properties for Sale	-	-	-	1,594,520	1,594,520	-	1,594,520	-	-
Agency Services for RSLs	-	-	-	15,134	15,134	-	-	15,134	16,587
Other Activities	-	-	-	8,290	8,290	-	265,000	(256,710)	(103,741)
Total from Other Activities	48,172	-	306,216	1,922,346	2,276,734	1,834	2,913,685	(638,785)	(426,057)
2009	132,012	-	308,623	4,355,295	4,795,930	15,904	5,206,083	(426,057)	

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

4. Auditor's Remuneration
The remuneration of the auditor (incl expenses and vat) for the year :
- in respect of the audit
- in respect of other services

	2010 £'s	2009 £'s
	10,641	9,104
	<u>10,641</u>	<u>9,104</u>

5. Employees

Staff costs during the year:

Wages & Salaries
Social Security Costs
Other Pension Costs

	2010 £'s	2009 £'s
	1,973,766	1,945,640
	145,514	145,661
	258,097	255,609
	<u>2,377,377</u>	<u>2,346,910</u>

Office Staff full time equivalents
Warden Staff full time equivalents

	2010 No.	2009 No.
	65.8	62.3
	13.2	11.4
	<u>79.0</u>	<u>73.7</u>

6. Directors' emoluments

The Directors are defined as the members of the Management Committee, the Chief Executive Officer and any other person reporting directly to the Chief Executive Officer or the Management Committee whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Management Committee during the year

Aggregate Emoluments payable to Directors
(excluding pension contributions but including benefits in kind)

	2010 £'s	2009 £'s
	<u>73,361</u>	<u>136,246</u>

Emoluments payable to highest paid Director
(excluding pension contributions)

	<u>73,361</u>	<u>72,126</u>
--	---------------	---------------

Total emoluments (including pension contributions and benefits in kind)

	<u>83,919</u>	<u>82,502</u>
--	---------------	---------------

The number of Directors, including the highest paid Director, who received emoluments (excluding pension contributions) in the following ranges were:

	2010 No. of Directors	2009 No. of Directors
NIL	15	15
£65,001 to £70,000	1	2

The Chief Executive Officer is an ordinary member of the Association's pension scheme described in Note 18. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive Officer in the year amounted to £10,558 (2009 - £10,376).

7. (a) Designated Reserve

Major Repairs Reserve

At 1st April 2009

Provided in Year

Deficit made on sheltered housing

Spend in Year

At 31st March 2010

	2010 £'s	2009 £'s
	1,032,086	1,458,044
	39,766	35,614
	(31,361)	(37,904)
	(455,043)	(423,668)
	<u>585,448</u>	<u>1,032,086</u>

7. (b) Revenue Reserve

At 1 April 2009

Surplus in year

Transfer from designated reserve

At 31st March 2010

	2010 £'s	2009 £'s
	6,873,213	6,201,271
	795,242	210,370
	486,404	461,572
	<u>8,154,859</u>	<u>6,873,213</u>

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

8. Debtors	2010	2009
	£'s	£'s
Amounts falling due within one year:		
Rental Debtors	301,756	308,238
Less: Provision for Doubtful Debts	<u>22,097</u>	<u>25,763</u>
Development Funding Receivable	279,659	282,475
Other Debtors	3,234,480	5,087,545
Prepayments & Accrued Income	193,640	209,648
	<u>101,730</u>	<u>103,374</u>
	<u><u>3,809,509</u></u>	<u><u>5,683,042</u></u>

9. Creditors Due Within One Year	2010	2009
	£'s	£'s
Loans	606,489	1,474,993
Trade Creditors	1,377,176	880,924
Other Taxes & Social Security	53,578	54,937
Other Creditors	421,025	597,915
Accruals & Deferred Income	109,732	146,750
Bank Overdraft	-	-
Rents in Advance	<u>281,370</u>	<u>270,078</u>
	<u><u>2,849,370</u></u>	<u><u>3,428,597</u></u>

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

10. Tangible Fixed Assets

	Completed		Shared Ownership Housing Properties In Course Of Construction		Equipment	Vehicles	Office Buildings	2010 Total	2009 Total
	Housing Properties Held For Letting	Shared Ownership Housing Properties	£	£					
At start of year	151,944,614	4,405,845	31,115,545	-	916,119	42,437	675,913	189,100,473	163,080,942
Additions during year	1,747,138	-	14,360,426	-	107,689	-	1,216,279	17,431,532	26,168,481
Completed in year	42,616,463	-	(42,616,463)	-	-	-	-	-	-
Disposals in year	(5,843,438)	(85,975)	-	-	-	(18,235)	-	(5,947,648)	(148,950)
At end of year	190,464,777	4,319,870	2,859,508	-	1,023,808	24,202	1,892,192	200,584,357	189,100,473

Social Housing Grants

At start of year	114,807,459	29,103,036	3,431,840	-	-	-	-	147,342,335	126,214,436
Additions during year	666,419	5,514,787	-	-	-	-	-	6,181,206	21,252,720
Completed in year	31,993,393	(31,993,393)	-	-	-	-	-	-	-
Repaid & abated during year	(5,194,082)	-	(67,513)	-	-	-	-	(5,261,595)	(124,821)
At end of year	142,273,189	2,624,430	3,364,327	-	-	-	-	148,261,946	147,342,335

Depreciation

At start of year	4,758,225	-	166,629	-	665,549	23,204	160,755	5,774,362	4,776,095
Provided during year	1,067,691	-	13,961	-	138,277	6,050	13,518	1,239,497	1,001,703
Impairment	97,453	-	-	-	-	-	-	97,453	-
Disposal in year	(47,698)	-	(1,720)	-	-	(9,117)	-	(58,535)	(3,436)
At end of year	5,875,671	-	178,870	-	803,826	20,137	174,273	7,052,777	5,774,362

Net Book Value

At end of year	42,315,913	235,078	776,673	-	219,982	4,065	1,717,919	45,269,630	35,983,776
At start of year	32,378,930	2,012,509	807,376	-	250,570	19,233	515,158	35,983,776	32,090,411

Development administration costs amounted to £513,675 (2009 £691,265) for which Housing Association Grant and Other Income amounting to £280,533 (2009 £445,820) were received during the year.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

11. Creditors due outwith one Year

	2010	2009
	£'s	£'s
Loans	43,164,646	40,199,435

Loans are secured by specific charges on the Association's properties. Loans are repayable at rates of interest of 0.763% to 7.29%, (2009 2.43% to 7.29%) in installments due as follows:

	2010	2009
	£'s	£'s
In one year or less	606,489	1,474,993
Between one and two years	606,489	1,474,993
Between two and five years	14,216,858	4,424,980
in five years or more	28,341,300	34,299,462
	43,771,136	41,674,428

12. Capital Commitments

	2010	2009
	£'s	£'s
Expenditure contracted less certified	32,375,605	19,624,134

Capital commitments will be funded through a combination of grant and private funding.

13. Housing Stock

	2010	2009
	No.	No.
The number of units of accommodation in management at the year end was:		
General Needs	2,848	2,770
Supported Housing	29	21
Shared Ownership	79	83
	2,956	2,874

Units awaiting improvement or repair
Units under construction at year end

	25	141
	24	130
Total Bedspaces at year end	9,641	9,062

Included within the above are the following units managed by other Agencies:

	2010	2009
	Units	Units
Quarriers	1	1
Richmond Fellowship	-	1
Cornerstone	1	1
Simon Community	2	2
McFarlane Homes	1	1
Greater Glasgow Health Board	0	4
Hayfield Deaf Unit	1	1
GASSP	14	-
Mungo Foundation	14	14
Ayrshire Primary Care Trust	10	10
Thornthoun	14	14
Womens Aid	1	1
National Autistic Society	6	5
North Lanarkshire Council	1	2
Crossreach	41	41
YMCA	10	12
Positive Steps	1	1
Social Work	-	11

14. Stock - LIFT

	2010	2009
	£'s	£'s
Cost of Developing Properties	1,514,758	2,212,469
Grant Received to Develop Properties	(1,142,165)	(948,359)
	372,593	1,264,110
Ferrhill 1A	-	111,292
Camlachie Phase 7B	372,593	1,152,815
	372,593	1,264,107

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

15. Interest Payable

Interest Payable on Loans
Less: Capitalised Interest

	2010 £'s	2009 £'s
	887,353	1,754,590
	<u>(67,751)</u>	<u>(80,299)</u>
	<u>819,602</u>	<u>1,674,291</u>

The rate of capitalised interest was 0.8554

16. Gross Cash Flows

Returns on Investments & Servicing of Finance

	2010 £'s	2009 £'s
Interest Received	23,513	204,911
Interest Paid	<u>(819,602)</u>	<u>(1,674,291)</u>
	<u>(796,089)</u>	<u>(1,469,380)</u>

Capital Expenditure

Purchase of Other Fixed Assets	(1,323,968)	(161,986)
Expenditure on Housing Properties	(10,178,152)	(25,857,542)
Sale of Other Fixed Assets	18,235	-
Sale/Disposal of Housing Properties & fixtures	126,867	232,721
Social Housing Grants Received	<u>919,611</u>	<u>21,127,899</u>
	<u>(10,437,407)</u>	<u>(4,658,908)</u>

Financing

Issue of Ordinary Shares	(190)	(21)
Loan advances Received	4,000,000	10,897,391
Loans Redeemed	<u>(1,903,292)</u>	<u>(434,995)</u>
	<u>2,096,518</u>	<u>10,462,375</u>

17. Analysis of Changes in Net Liabilities

	Changes in Year		
	2009 £'s	2010 £'s	2010 £'s
Cash at Bank & In Hand	474,523	(44,049)	430,474
Short Term Deposits	8,253,090	(3,255,956)	4,997,134
Overdrafts	-	-	-
	<u>8,727,613</u>	<u>(3,300,005)</u>	<u>5,427,608</u>
Debt due within One Year	(1,474,993)	868,504	(606,489)
Debt due after One Year	(40,199,435)	(2,965,211)	(43,164,646)
	<u>(32,946,815)</u>	<u>(5,396,712)</u>	<u>(38,343,527)</u>

18. Pensions

West of Scotland Housing Association Limited participates in the SFHA 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 an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%.

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

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 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 of Scotland Housing Association Limited has been notified by the Pensions Trust of the estimated debt on withdrawal from the SFHA scheme based on the financial position as at 30 September 2009. As of this date the estimated employer debt for West of Scotland Housing Association Limited was £10,216,427.

The SFHA Scheme is a multi-employer defined benefit scheme. The Scheme offers three benefit structures to employers, namely

- Final salary with a 1/60th accrual rate
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any given time. An open benefit structure is one which new entrants are able to join.

West of Scotland Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2009 and the same benefit structure for any new entrants.

During the accounting period West of Scotland Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%

As at the balance sheet date there were 59 active members of the Scheme employed by West of Scotland Housing Association Limited. West of Scotland Housing Association Limited continues to offer membership of the Scheme to its employees

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

2006 Valuation Assumptions	%pa
- Investment return pre retirement	7.2
- Investment return post retirement	4.9
- Rate of salary increases	4.6

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year Ended 31st March 2010

Rate of pension increases

pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0% pa)	
Rate of price inflation	2.6

lease. The lease has 2 years until expiry. The annual rent is £40,500. The Association sub let this lease to Glasgow Association For Mental Health from 14th July 2003. The Association rents office premises in Hamilton with Development Options (Hamilton) under a 15-year lease. The lease has 7 years until expiry with the Association having the option to terminate in 5 years with 12 months notice. The annual rent is £33,250. The rent will be reviewed 5 yearly. In addition to the rent there is a quarterly variable service charge.

Mortality Tables	
Non-pensioners	PA92C2025 short
Pensioners	PA92C2013 short

Contribution Rates for Future Service	%
Final Salary 1/60ths	17.8
Career average revalued earnings 1/ 60ths	14.6
Career average revalued earnings 1/70ths	12.6
Additional rate for deficit contributions	5.3

21. Related Parties

The terms applicable to those tenant members of the Association are the same terms applicable to all tenants.

One member of the management committee of West of Scotland Housing Association is also a member of the management committee of Willowacre Trust (formerly known as Christian Action (Glasgow) Housing Trust). Their board has 10 members. Two senior officers of West of Scotland Housing Association are also members of Willowacre Trust's Committee. West of Scotland Housing Association now has less than 50% interest in the Willowacre Board and membership.

19. Share Capital

	No.	No.
At 1 st April 2009	398	419
Additions in Year	14	-
Cancellations in Year	(204)	(21)
At 31 st March 2010	<u>208</u>	<u>398</u>

One member of the management committee of West of Scotland Housing Association is a Board Member of EVH.

22. Contingent Liabilities

The Association is in dispute with a contractor who was replaced at one of our developments. The contractor is claiming damages of £630,000 and the Association is counter-claiming for £443,000. Legal action began during year end 2007/08 and is ongoing. The Association, to be prudent, has made a provision for any liability but remains confident about its position.

The Association has been advised by The Pension Trust that should the Association choose to withdraw from the scheme, the Association's estimated Employer debt would be £10.2 million. Please refer to note 18 for further explanation.

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

20. Lease Commitments

The Association rents office accommodation from Willowacre Trust (formerly known as Christian Action (Glasgow) Housing Trust Limited) under a 25-year