

Scottish Charity Number: SC018486
Industrial & Provident Societies Registered Number 1828R(S)

WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED
GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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**West of Scotland Housing Association Limited
Annual Report and Financial Statements
Year ended 31 March 2013**

Executive Officers

Duncan McNaught
Chief Executive
Director of Finance and Corporate Services
Carron Garmony
Collin Turnbull
Director of Housing Services
Elinor Taggart
Director of Property Investment

Company Secretary

Marie Campbell

Registration Particulars

Financial Conduct Authority
Industrial and Provident Societies Act 1965
(formerly Financial Services
Authority)

Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered number: HEP201

Scottish Charities

Charity and Trustee Investment Act (Scotland) 2005
Scottish Charity Number: SC018486

Management Committee

Anthony Williams (Chair until Sept 2012)
Kate McLeod (Vice Chair to Sept 12; Chair from Sept 2012)
Kate Robinson (Vice Chair from Sept 2012)

Ena Hutchison

John Loran

Ian McGibbon

Colin Menabney

Rab Morrow

Clare Newton

Siobhan White

Jim Hayton

Austin Hardie

May Meechan

Anne Reid

Ruth Simpson

Auditors

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

Solicitors

Harper Madeod LLP
The Cad'oro
45 Gordon Street
Glasgow
G1 3PE

Bankers

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

West of Scotland Housing Association Limited
Trustees' Report
Year ended 31 March 2013

The Management Committee presents its report and the audited financial statements for the year ended 31 March 2013.

Overview

The Association for some time now has believed that the future for housing will be somewhat different and with this in mind during 2012/13 we pursued our goal of forming a strategic partnership and became a subsidiary of Gentoo Group on 1 April 2013.

We still operate in a very volatile environment with a lot of uncertainty facing the Association. The implications of the reduction in public expenditure, Welfare Reform, and the Scottish Social Housing Charter all have a significant impact on our business. By being part of Gentoo Group we are more robust to cope with the external changes and challenges affecting the sector.

A partnership with Gentoo strengthens our financial security, and makes sure that we can continue to be a quality landlord of choice, support the development of sustainable communities, and continue to grow, becoming a dynamic, innovative and influential part of Scottish housing.

In joining the Gentoo Group, West of Scotland would:

- Stay as a housing association registered with the Scottish Housing Regulator
- Keep its name and will continue to own our own housing stock
- Employ our own staff and work from our present offices
- Still be governed by our own management committee
- Tenants will keep their existing rights and their landlord will still be West of Scotland Housing Association
- The Gentoo Group would be West of Scotland's parent body and set the overall group strategy.

Gentoo Group is more than just a housing association. As well as owning and managing 30,000 houses for social rent the Group of companies also includes divisions operating in: care and support services; construction; design, build and maintenance; environmental sustainability; solar panels and specialist glass; property rental and sales; and rendering.

By being part of Gentoo Group we can make these innovative approaches available in Scotland.

Principal Activities

The principal activity of West of Scotland Housing Association 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 Conduct Authority as a Friendly Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

Strategic Aims and Objectives
The Association's vision continues to be "Sustainable 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

This complements the ambition of the Group which is to improve the lives of the people, communities and the environment in which we operate by investing in people, the planet and property.

Financial Review

West of Scotland Housing Association Ltd made a surplus of £1,607,156 (2012: £821,282) during the financial year. During the course of the year rental income, after voids, grew from £10,109,261 in 2011/12 to £11,391,002 in 2012/13.

Willowacre Trust
The Willowacre Trust has supported West of Scotland Housing Association tenants through its charitable work for many years and, following agreement by the Trust directors, it became a wholly owned subsidiary on 12 April 2012. By becoming a subsidiary, the Trust can now support the delivery of the Association's 'Building Sustainable Communities' Strategy which aligned with its own existing charitable objectives. The Trust continues to expand its range of activities by taking on the "non core landlord activities".

Development Activities
2012/13 has been another very active year in terms of Development activity. During the course of the year we continued to let new properties across our geographical areas.

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 developments 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.

Operational Review

Corporate Governance Association's governing body is known as the Management Committee and they are elected by the members of the West of Scotland Housing Association. It is the responsibility of the Committee to undertake the creation of the strategy, setting of policy and overall direction for the Association. It also monitors 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 is responsible for achieving strategy and undertaking the operational activities in line with the policies approved by the Management Committee.

The Association has an Audit and Performance Committee which meets every quarter to consider the key risk areas of the association and receives the reports from the Association's Internal Audit department.

Corporate Issues 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 2012/13 the Association working alongside Healthy Working Lives achieved the Silver Award for Health at Work. We are currently working towards achieving the Gold award.

Welfare Reform Welfare Reform presents a huge challenge for the Association; the potential financial impact of bedroom tax from April 2013 and the introduction of Universal Credits in October 2013. An action plan is being delivered to minimise and manage the impact of Welfare Reform on the Association's revenue, our tenants' disposable income and their relationships between the Association and tenants who rely on housing and other benefits.

Social Housing Charter Introduction of the Social Housing Charter is seen as an opportunity to further involve tenants and other customers in agreeing the level of service they can expect to receive. The Association intends to use the charter as a template for the continuous improvement of our services. We have established a coordinating group of staff and tenants to oversee the development of the charter. These include our approach to equalities, communication and participation, repairs, access to housing, rents and service charges and value for money.

Customer Service Excellence
The Central Services Team, which includes our Customer Services team who are the main point of contact for our customers, achieved Customer Service Accreditation in October 2012. The certification process is a robust independent validation of an organisation to ensure they provide efficient, effective customer focused services and that they are striving to improve.

Financial Environment
Again this was another turbulent year with the effect being felt by banks, industry and stock markets across the world. While the Association can never be immune from the economic environment in which we operate, we do feel that the Association is equipped to weather the present financial storms. It is with this in mind that we believe being part of a larger group will insulate the Association going forward allowing continued progression and quality services even during these most difficult times.

Communities
We continued during 2012/13 to build on our commitment to Sustainable Communities and embed the themes within the strategy namely, Tackling Poverty, Community Education, Wellbeing, Community Safety, Fuel Poverty and Waste Management in all aspects of the Association's business. During the year we developed the activity within the G31 Centre, our community facility in Camlachie, and continued to develop Willowacre Trust, our subsidiary vehicle for delivering our non core landlord activities. We worked in partnership with a number of stakeholders across our communities developing and implementing a range of measures to meet the objectives of our strategy.

Finance
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.

Risk Management Policy
The Committee have formal risk management processes to assess business risks and implement risk management strategies. This involves 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 and Performance Committee.

Rental Income
The Association's Rent Policy is a points system based on the 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 points value is reviewed annually to ensure that the rents cover the required costs.

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 2013 the Association had £61,748,175 (2012: £49,753,614) in loan facilities and held deposits of £11,755,429 (2012: £6,591,959). The high deposits are as a result of the availability of the loan finance period ending and this being drawn down in advance of future spend on our current developments.

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 £12,360,932 (2012: £10,686,854).

The Association also has a number of other designated reserves included within revenue reserves. The purpose of these funds is detailed in notes 1 and 7 in the financial statements.

Sale 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.

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.

West of Scotland Housing Association Limited
Trustees' Report
Year ended 31 March 2013

Committee and Officers' Insurance
 The Association 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 Associations.

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 at the 31 March 2013 was as follows:

Anthony Williams	1	
Ena Hutchison	2	
John Loran		
Ian McGibbon	1, 2	
Katie McLeod		Chair
Colin Menabney	1	
Austin Hardie		
Rab Morrow	1, 2	
Clare Newton	1, 2	
Siobhan White	1	
Kate Robinson		Vice Chair
Jim Hayton	1	
May Meechan	2	
Anne Reid	2	
Ruth Simpson		
<i>Sub Committee Membership</i>		
<i>1 Audit Sub Committee</i>		
<i>2 Tenant Advisory Group</i>		

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.

Katie McLeod, Chair



Executives

The Executive Officers of West of Scotland Housing Association at 31 March 2013 were as follows:

Duncan McNaught
Chief Executive
Director of Finance & Corporate Services
Colin Turnbull
Director of Housing Services
Ellnor Taggart
Director of Property Investment

Disclosure of Information to Auditors

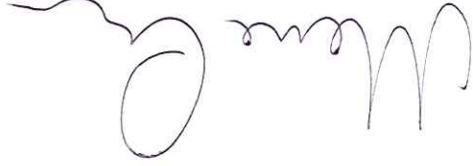
Each of the trustees and executive officers has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

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

Marie Campbell
Company Secretary



West of Scotland Housing Association Limited
Statement of Management Committee Responsibilities
Year ended 31 March 2013

STATEMENT OF MANAGEMENT COMMITTEE 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 fulfill 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 2010 and the Determination of Accounting Requirements - April 2012. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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: 31/10/13

West of Scotland Housing Association Limited
Statement of Internal Financial Control
Year ended 31 March 2013

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 timeliness 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 2013 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: 31/03/13

West of Scotland Housing Association Limited
Independent Auditor's Report to the Members of West of Scotland Housing Association Limited
Year ended 31 March 2013

We have audited the financial statements of West of Scotland Housing Association Limited for the year ended 31 March 2013 on pages 15 to 36. 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 Management Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 11, 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: <http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-Issued-1-December-2010.aspx>

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 2013 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, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012 .

West of Scotland Housing Association Limited
Independent Auditor's Report to the Members of West of Scotland Housing Association Limited
Year ended 31 March 2013

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
Chartered Accountants
Breckennridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date 31/03/13

West of Scotland Housing Association Limited
 Income and Expenditure Account
 Year ended 31 March 2013

GROUP INCOME AND EXPENDITURE ACCOUNT		ASSOCIATION INCOME AND EXPENDITURE ACCOUNT	
	2013	2012	2013
	£	£	£
Turnover	11,964,422	11,331,370	11,331,370
Operating costs	(9,225,407)	(9,046,066)	(9,046,066)
Operating surplus	2,739,015	2,285,304	2,285,304
Gain/(Loss) on sale of fixed assets	384,091	(26,573)	384,091
Interest receivable and other income	137,180	14,282	135,971
Interest payable and similar charges	(1,618,869)	(1,451,731)	(1,451,731)
Gain on acquisition of subsidiary	336,384	0	821,282
Surplus for the year	1,977,801	821,282	1,607,156
			14,282
			(26,573)
			135,971
			(1,618,869)
			1,607,156
			821,282

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.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

West of Scotland Housing Association Limited
Balance Sheet
Year ended 31 March 2013

ASSOCIATION BALANCE SHEET

	2013	2012	Notes
Fixed assets			
Housing properties	222,539,933	210,393,393	9
Housing properties	(162,679,902)	(158,152,816)	9
Social housing grant	59,860,031	52,240,577	
LIFT loan	234,405	234,405	
LIFT grant	(234,405)	(234,405)	
Other tangible fixed assets	3,141,098	3,141,098	10
Investments in subsidiary	63,110,981	55,381,675	
Current assets			
Stock	0	35,763	11
Debtors	1,948,832	1,377,660	12
Cash at bank and in hand	11,921,002	6,591,959	12
Creditors: amounts falling due within one year			
(3,870,291)	(2,795,795)	(3,864,360)	13
Net current assets	9,999,544	5,209,587	
73,110,525	60,591,262		
Total assets less current liabilities			
(60,276,222)	(49,735,614)	(60,276,222)	14
(49,735,614)	10,855,648	(49,735,614)	14
Creditors: amounts falling due after more than one year			
Net assets	12,834,303	12,463,659	
10,855,648	10,855,648	10,855,648	
Capital and reserves			
Share capital	168,656	168,656	15
Designated reserves	12,635,048	10,686,854	16
Revenue reserves	12,834,303	12,463,659	17
108	108	108	15
138	138	138	15
168,656	168,656	168,656	16
10,686,854	10,686,854	10,686,854	17
12,834,303	12,463,659	12,463,659	17

GROUP BALANCE SHEET

	2013	2012	Notes
Fixed assets			
Housing properties	222,539,933	210,393,393	9
Housing properties	(162,679,902)	(158,152,816)	9
Social housing grant	59,860,031	52,240,577	
LIFT loan	234,405	234,405	
LIFT grant	(234,405)	(234,405)	
Other tangible fixed assets	3,250,950	3,141,098	10
Investments in subsidiary	63,110,981	55,381,675	
Current assets			
Stock	0	35,763	11
Debtors	1,948,832	1,377,660	12
Cash at bank and in hand	11,921,002	6,591,959	12
Creditors: amounts falling due within one year			
(3,870,291)	(2,795,795)	(3,864,360)	13
Net current assets	9,999,544	5,209,587	
73,110,525	60,591,262		
Total assets less current liabilities			
(60,276,222)	(49,735,614)	(60,276,222)	14
(49,735,614)	10,855,648	(49,735,614)	14
Creditors: amounts falling due after more than one year			
Net assets	12,834,303	12,463,659	
10,855,648	10,855,648	10,855,648	
Capital and reserves			
Share capital	168,656	168,656	15
Designated reserves	12,635,048	10,686,854	16
Revenue reserves	12,834,303	12,463,659	17
108	108	108	15
138	138	138	15
168,656	168,656	168,656	16
10,686,854	10,686,854	10,686,854	17
12,834,303	12,463,659	12,463,659	17

The accompanying notes form part of the financial statements.
The financial statements were approved and authorised for issue by the board on 28/8/13 and signed by

Committee member: *Donna Gillen*
Committee member: *Edith Morrison*
Company secretary: *[Signature]*

West of Scotland Housing Association Limited
Cash Flow Statement
Year ended 31 March 2013

GROUP CASH FLOW STATEMENT

	2013	2012	Notes
	£	£	
Reconciliation of operating surplus/(deficit) to net cash inflow from operating activities			
Surplus for the year	1,977,801	821,282	
Interest received	(137,180)	(14,282)	
Interest paid	1,618,869	1,451,731	
(Gain)/loss on disposals	(384,091)	26,573	
Gain on acquisition of subsidiary	(336,384)	0	
Operating surplus excluding interest and tax	<u>2,739,015</u>	<u>2,285,304</u>	
Depreciation of tangible fixed assets	1,796,734	1,603,739	
Decrease/(Increase) in stock	35,763	(35,763)	
(Increase)/Decrease in debtors	(588,182)	1,671,669	
Increase in creditors	340,407	234,220	
Share capital cancelled	(35)	0	
Net cash inflow from operating activities	<u>4,323,702</u>	<u>5,759,169</u>	
Cash flow statement			
Net cash inflow from operating activities	4,323,702	5,759,169	
Returns on investments and servicing of finance	(1,481,691)	(1,437,449)	18
Capital expenditure and financial investment	(8,916,728)	(8,384,784)	18
Financing	11,274,703	5,404,841	18
Increase in cash and cash equivalents	<u>5,199,986</u>	<u>1,341,777</u>	
Reconciliation of net cash flow to movement in net debt			
Increase in cash in year	5,199,986	1,341,777	
Cash inflow from increase in debt	(11,274,698)	(5,404,910)	
Change in net debt	(6,074,712)	(4,063,133)	
Net debt at 1 April 2012	(43,902,154)	(39,839,025)	
Net debt at 31 March 2013	<u>(49,976,866)</u>	<u>(43,902,158)</u>	

West of Scotland Housing Association Limited
Cash Flow Statement
Year ended 31 March 2013

ASSOCIATION CASH FLOW STATEMENT

	2013	2012	Notes
	£	£	
Reconciliation of operating surplus/(deficit) to net cash inflow from operating activities			
Surplus for the year	1,607,156	821,282	
Interest received	(135,971)	(14,282)	
Interest paid	1,618,869	1,451,731	
(Gain)/loss on disposals	(384,091)	26,573	
Operating surplus excluding interest and tax	<u>2,705,963</u>	<u>2,285,304</u>	
Depreciation of tangible fixed assets	1,796,477	1,603,739	
Decrease/(Increase) in stock	35,763	(35,763)	
(Increase)/Decrease in debtors	(585,940)	1,671,669	
Increase in creditors	334,476	234,220	
Share capital cancelled	(35)	0	
Net cash inflow from operating activities	<u>4,286,704</u>	<u>5,759,169</u>	
Cash flow statement			
Net cash inflow from operating activities	4,286,704	5,759,169	
Returns on investments and servicing of finance	(1,482,900)	(1,437,449)	18
Capital expenditure and financial investment	(8,915,037)	(8,384,784)	18
Financing	11,274,703	5,404,841	18
Increase in cash and cash equivalents	<u>5,163,470</u>	<u>1,341,777</u>	
Reconciliation of net cash flow to movement in net debt			
Increase in cash in year	5,163,470	1,341,777	
Cash inflow from increase in debt	(11,274,698)	(5,404,910)	
Change in net debt	(6,111,228)	(4,063,133)	
Net debt at 1 April 2012	(43,902,154)	(39,839,025)	
Net debt at 31 March 2013	<u>(50,013,382)</u>	<u>(43,902,158)</u>	

1. Principal accounting policies

Introduction

The Association is incorporated under the Industrial & Provident Societies Act 1965 and is registered with the Financial Conduct Authority. The principal

accounts are prepared under the historical cost convention, in accordance with the Determination of Accounting Requirements - April 2012 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 Housing Association Grant (HAG) and other capital grants receivable from other funding bodies.

HAG, 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 any 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.

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 between 15 and 30 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.

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 and replacements under major repairs

Depreciation rates:

Housing structure	50 years
Land	Not depreciated
Kitchens	15 years
Boilers	15 years
Windows	25 years
Bathrooms	30 years

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

(iii) Other tangible 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.

Goodwill

Negative goodwill has arisen on the acquisition of Willowacre Trust by West of Scotland Housing Association due to the fair value of the Trust's assets exceeding the value of consideration paid by the Association. Goodwill is measured at the fair value of net assets on acquisition less fair value adjustments, such as revaluation of investment property outstanding at acquisition.

The acquisition is treated as a non-exchange transaction and therefore the value of negative goodwill is recognised as a loss in the income and expenditure account in the year of acquisition.

Investment properties

In accordance with the Statement of Standard Accounting Practice No. 19,

investment property values are assessed annually by the trustees and independently valued by chartered surveyors every five years, to ascertain the increase, decrease or impairment in the value of investment property. The aggregate surplus or deficit is transferred to the revaluation reserve and no depreciation is provided in respect of freehold or leasehold investment properties with over twenty years remaining. The trustees consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

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 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 deducted 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.

Lease Obligations

Rentals paid under operating leases are charged to the income and expenditure account as they are incurred.

2. Particulars of turnover, operating costs and operating surplus or deficit

<u>GROUP</u>		<u>ASSOCIATION</u>	
	2013	2013	2012
	Operating surplus or deficit £	Operating surplus or deficit £	Operating surplus or deficit £
Turnover	11,391,002	11,391,002	11,391,002
Operating costs	8,280,831	8,280,831	8,280,831
Other income and expenditure (note 3b)	(371,156)	(404,208)	478,890
Total (note 3b)	2,739,015	2,705,963	11,869,892
Income and expenditure from social letting activities (note 3a)	3,110,171	3,110,171	11,391,002
Total	2,681,800	2,681,800	11,331,370
	2,285,304	2,285,304	9,046,066
	2,285,304	2,285,304	2,285,304

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2013

3a Particulars of turnovers, operating costs & operating or deficit from social letting activities
GROUP AND ASSOCIATION

	General Needs Housing	Supported Housing	Shared Ownership	2013 Total	General Needs Housing	Supported Housing	Shared Ownership	2012 Total
Income from lettings	£	£	£	£	£	£	£	£
Rent receivable net of service charges	10,059,535	690,403	117,793	10,867,731	8,925,730	636,718	110,934	9,673,382
Service charges receivable	442,735	135,872	7,744	586,351	348,413	127,349	7,841	483,603
Gross income from rent and service charges	10,502,270	826,275	125,537	11,454,082	9,274,143	764,067	118,775	10,156,985
Less: Rent losses from voids	(59,073)	(4,007)	0	(63,080)	(44,036)	(3,141)	(547)	(47,724)
Net income from rent and service charges	10,443,197	822,268	125,537	11,391,002	9,230,107	760,926	118,228	10,109,261
Revenue grants from the Scottish Government	0	0	0	0	268	0	0	268
Total turnover from social letting activities	10,443,197	822,268	125,537	11,391,002	9,230,375	760,926	118,228	10,109,529
Expenditure on social letting activities	£	£	£	£	£	£	£	£
Services	379,742	222,544	4,202	606,488	487,483	22,227	3,873	513,583
Management & maintenance	2,809,887	192,847	32,903	3,035,637	2,979,105	210,613	28,105	3,217,823
administration costs	1,196,691	82,131	14,013	1,292,835	926,621	41,257	0	967,878
repair costs	1,287,258	88,347	15,073	1,390,678	1,128,852	74,303	0	1,203,155
Bad debts - rents and service charges	211,796	14,368	0	226,164	101,247	0	0	101,247
Depreciation of housing stock	1,498,046	103,811	32,248	1,634,105	1,292,262	0	15,382	1,307,644
Other costs	88,894	6,030	0	94,924	116,399	0	0	116,399
Operating costs for social letting activities	7,472,314	710,078	98,439	8,280,831	7,031,969	348,400	47,360	7,427,729
Operating surplus on social letting activities	2,970,883	112,190	27,098	3,110,171	2,198,406	412,526	70,868	2,681,800

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

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2013

3b Particulars of turnover, operating costs and operating surpluses or deficits from other activities

	2012	2013	Operating costs	Operating costs - bad debts	Total Turnover	Other Income	Supporting People Income	Other Revenue	Grants from Scottish Ministers	Wider role	Factoring	Development activities	Support activities	Agency services for RSLs	Other activities	Total (association)	Willowacre Trust	Total (group)	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
	(60,420)	(977)	977	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(37,997)	(30,762)	54,468	8,222	31,928	31,928	0	0	0	0	0	0	0	0	0	0	0	0	0
	(295,111)	(470,760)	540,757	0	69,997	69,997	0	0	0	0	0	0	0	0	0	0	0	0	0
	(38,251)	(62,884)	168,505	0	105,621	105,621	0	0	0	0	0	0	0	0	0	0	0	0	0
	15,232	457	0	0	457	457	0	0	0	0	0	0	0	0	0	0	0	0	0
	20,051	160,718	110,169	0	270,887	122,648	0	148,239	0	0	0	0	0	0	0	0	0	0	0
	(396,496)	(404,208)	874,876	8,222	478,890	225,030	105,621	148,239	0	0	0	0	0	0	0	0	0	0	0
	33,052	61,478	0	0	94,530	86,184	0	8,346	0	0	0	0	0	0	0	0	0	0	0
	(371,156)	936,354	8,222	573,420	311,214	105,621	156,585	105,621	0	0	0	0	0	0	0	0	0	0	0
	(396,496)	1,611,815	6,522	1,221,841	1,064,356	131,226	0	26,259	0	0	0	0	0	0	0	0	0	0	0

Income from other activities includes grants in relation to sustainable communities activities from Glasgow City Council and Clyde Gateway of £68,239 and £80,000 and one grant for energy projects from EON of £98,754 and a grant from the Land Trust of £19,679.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2013

4 Interest payable
GROUP AND ASSOCIATION

2013	2012
£	£
1,645,579	1,477,884
(26,710)	(26,153)
<u>1,618,869</u>	<u>1,451,731</u>

Interest payable on loans
Less: capitalised interest

The rate of capitalised interest was 0.76% (2012: 1.03%)

5 Auditor's remuneration

2013	2012	2013	2012
£	£	£	£
18,921	14,976	15,460	14,976
22,119	0	22,119	0
<u>41,040</u>	<u>14,976</u>	<u>37,579</u>	<u>14,976</u>
GROUP	GROUP	ASSOCIATION	ASSOCIATION
2013	2012	2013	2012

Auditor's fees including expenses and VAT for the year:
in respect of the audit
in respect of other services

6 Employees

2013	2012	2013	2012
£	£	£	£
2,373,577	2,051,508	2,339,442	2,051,508
170,907	168,458	168,914	168,458
354,352	360,532	354,352	360,532
<u>2,898,835</u>	<u>2,580,498</u>	<u>2,862,707</u>	<u>2,580,498</u>
GROUP	GROUP	ASSOCIATION	ASSOCIATION
2013	2012	2013	2012

Staff costs during the year:
Wages and salaries
Social security costs
Other pension costs

Staff numbers at 31 March 2013:
Office staff - full time equivalent
Warden staff - full time equivalent

70.3	65.2	64.3	65.2
2.0	6.7	2.0	6.7
<u>72.3</u>	<u>71.9</u>	<u>66.3</u>	<u>71.9</u>
No.	No.	No.	No.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2013

7 Directors' emoluments
The directors of West of Scotland Housing Association are defined as 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. No emoluments were paid to the directors of the Willowacre Trust.

	2013	2012
Aggregate emoluments payable to directors (excluding pension contributions but including benefits in kind)	£ 76,610	£ 76,600
Emoluments paid to the highest paid director (excluding pension contributions)	£ 76,610	£ 76,600
Total emoluments including pension and benefits in kind	£ 83,562	£ 87,752

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

	2013	2012
No of directors	15	15
No of directors	0	1
	1	0
	£70,001 - £75,000	
	£75,001 - £80,000	

The Chief Executive Officer is an ordinary member of the Association's pension scheme described in Note 19. 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 £6,952 (2012: £11,152).

8 Intangible assets

Cost	At 1 April 2012	At 31 March 2013
Additions	0	336,384
At 31 March 2013	0	336,384
Amortisation	At 1 April 2012	At 31 March 2013
Gain on acquisition of subsidiary	0	336,384
At 31 March 2013	0	336,384
Carrying amount at 31 March 2013	0	0

In April 2012 the Association acquired the entire share capital of Willowacre Trust Limited using the acquisition method.

The book value of the assets at that date were taken to be fair values for the assets and negative goodwill of £336,384 arose on this acquisition. The assets values are noted below.

Acquisition cost	£	£
Less assets acquired:		
Tangible fixed assets		400,000
Debtors		3,859
Cash at bank		129,057
Creditors (due in less than one year)		(16,532)
Accruals and deferred income		(5,000)
Fair value adjustments:		
Revaluation of investment property		511,384
Revaluation of investment property		(175,000)
Negative goodwill on acquisition		336,384

In accordance with the Statement of Recommended Practice, negative goodwill is fully written off to the Group Income and Expenditure account in the year of acquisition.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2013

9 Housing properties
GROUP AND ASSOCIATION

	Housing properties held for letting		Housing properties under construction		Shared ownership housing properties under construction		Shared ownership properties under construction		2012 Total		2013 Total	
	£	£	£	£	£	£	£	£	£	£	£	£
Cost												
At 1 April 2012	206,767,701	8,320,160	4,162,550	0	219,250,411	205,626,082	14,714,079	0	205,626,082	219,250,411	205,626,082	219,250,411
Additions	1,232,845	12,729,478	0	0	13,962,323	14,714,079	0	0	14,714,079	13,962,323	14,714,079	13,962,323
Completed	15,802,446	(15,802,446)	0	0	0	0	0	0	0	0	0	0
Disposals	(422,200)	0	(40,907)	0	(463,107)	(1,089,750)	0	0	(1,089,750)	(463,107)	(1,089,750)	(463,107)
At 31 March 2013	223,380,792	5,247,192	4,121,643	0	232,749,627	219,250,411	14,714,079	0	219,250,411	232,749,627	219,250,411	232,749,627
Social housing grants												
At 1 April 2012	149,997,219	4,942,319	3,213,278	0	158,152,816	152,539,240	6,543,417	0	152,539,240	158,152,816	152,539,240	158,152,816
Additions	222,157	4,391,683	0	0	4,613,840	6,543,417	0	0	6,543,417	4,613,840	6,543,417	4,613,840
Completed	6,737,526	(6,737,526)	0	0	0	0	0	0	0	0	0	0
Repaid and abated	(45,848)	0	(40,907)	0	(86,755)	(929,841)	0	0	(929,841)	(86,755)	(929,841)	(86,755)
At 31 March 2013	156,911,054	2,596,476	3,172,371	0	162,679,901	158,152,816	6,543,417	0	158,152,816	162,679,901	158,152,816	162,679,901
Depreciation												
At 1 April 2012	8,641,588	0	215,430	0	8,857,018	7,549,375	1,329,438	0	7,549,375	8,857,018	7,549,375	8,857,018
Provided	1,601,859	0	32,247	0	1,634,106	1,329,438	0	0	1,329,438	1,634,106	1,329,438	1,634,106
Disposals	(281,429)	0	0	0	(281,429)	(21,795)	0	0	(21,795)	(281,429)	(21,795)	(281,429)
At 31 March 2013	9,962,018	0	247,677	0	10,209,695	8,857,018	1,329,438	0	8,857,018	10,209,695	8,857,018	10,209,695
Net book value												
At 31 March 2013	56,507,720	2,650,716	701,595	0	59,860,031	52,240,577	1,329,438	0	52,240,577	59,860,031	52,240,577	59,860,031
At 31 March 2012	48,128,894	3,377,841	733,842	0	52,240,577	48,128,894	1,329,438	0	48,128,894	52,240,577	48,128,894	52,240,577

Major repairs to the value of £897,649 (2012: £601,781) were capitalised during the year.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2013

10 Other tangible fixed assets
GROUP

	Investment property	Equipment	Vehicles	Office buildings	Community learning centre	2013 Total	2012 Total
Cost	£	£	£	£	£	£	£
At 1 April 2012	0	1,241,653	25,927	3,081,795	341,399	4,690,774	4,222,318
Additions	225,000	47,478	0	1	0	272,479	484,719
Disposals	0	0	0	0	0	0	(16,263)
At 31 March 2013	225,000	1,289,131	25,927	3,081,796	341,399	4,963,253	4,690,774
Social housing grants							
At 1 April 2012	0	0	0	0	125,000	125,000	0
Additions	0	0	0	0	0	0	125,000
At 31 March 2013	0	0	0	0	125,000	125,000	125,000
Depreciation							
At 1 April 2012	0	1,067,284	12,436	224,557	120,399	1,424,676	1,132,580
Provided	0	92,491	4,497	61,639	4,000	162,627	308,359
Disposals	0	0	0	0	0	0	(16,263)
At 31 March 2013	0	1,159,775	16,933	286,196	124,399	1,587,303	1,424,676
Net book value							
At 31 March 2013	225,000	129,356	8,994	2,795,600	92,000	3,250,950	3,141,098
At 31 March 2012	0	174,369	13,491	2,857,238	96,000	3,141,098	3,141,098

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2013

10 Other tangible fixed assets		ASSOCIATION					
		Equipment	Vehicles	Office buildings	Community learning centre	2013 Total	2012 Total
Cost	At 1 April 2012	£ 1,241,653	£ 25,927	£ 3,081,795	£ 341,399	£ 4,690,774	£ 4,222,318
	Additions	46,452	0	1	0	46,453	484,719
	Disposals	0	0	0	0	0	(16,263)
	At 31 March 2013	1,288,105	25,927	3,081,796	341,399	4,737,227	4,690,774
Social housing grants	At 1 April 2012	0	0	0	125,000	125,000	0
	Additions	0	0	0	0	0	125,000
	At 31 March 2013	0	0	0	125,000	125,000	125,000
Depreciation	At 1 April 2012	1,067,284	12,436	224,557	120,399	1,424,676	1,132,580
	Provided	92,235	4,497	61,639	4,000	162,371	308,359
	Disposals	0	0	0	0	0	(16,263)
	At 31 March 2013	1,159,519	16,933	286,196	124,399	1,587,047	1,424,676
Net book value	At 31 March 2013	128,586	8,994	2,795,600	92,000	3,025,180	3,141,098
	At 31 March 2012	174,369	13,491	2,857,238	96,000	3,141,098	

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2013

11 Stock - Homestake		GROUP AND ASSOCIATION	
	2013	2012	
	£	£	
Cost of developing properties	0	75,117	
Grant received to develop properties	0	(39,354)	
	0	35,763	
12 Debtors			
Amounts falling due within one year:	£	£	
Rental debtors	479,610	336,056	
Less: provision for bad and doubtful debts	(171,414)	0	
	308,196	336,056	
Development funding receivable	1,061,939	581,158	
Other debtors	471,906	354,988	
Intercompany debtor	0	0	
Prepayments and accrued income	106,791	105,458	
	1,948,832	1,377,660	
13 Creditors due within one year			
	£	£	
Loans (note 12)	1,492,589	758,499	
Trade creditors	1,062,545	628,305	
Other taxes and social security	64,923	55,869	
Other creditors	236,623	212,566	
Accruals and deferred income	676,918	767,881	
Rents in advance	336,693	372,675	
	3,870,291	2,795,795	
2013			
GROUP			
2012			
GROUP			
2013			
ASSOCIATION			
2012			
ASSOCIATION			
2013			
ASSOCIATION			

14 Creditors due in more than one year
 GROUP AND ASSOCIATION

Loans	2013	2012
	£	£
	60,276,222	49,735,614

Loans are secured by specific charges on the Association's properties. Loans are repayable at rates of interest ranging from 0.74% to 7.24% (2012 - 1.05% to 7.24%) in instalments due as follows:

Within one year	1,492,589	758,499
In one to two years	1,435,887	758,499
In two to five years	10,093,653	14,575,498
In more than five years	48,746,682	34,401,617
	<u>61,768,811</u>	<u>50,494,113</u>

15 Share capital

At 1 April	2013	2012
At 1 April	No.	No.
Additions in Year	138	207
Cancellations in Year	5	0
At 31 March	(35)	(69)
	<u>108</u>	<u>138</u>

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

West of Scotland Housing Association Limited
 Notes to the Financial Statements
 Year ended 31 March 2013

	2013	2012	2013	2012
16 Designated reserve				
At 1 April 2012	168,656	309,619	168,656	309,619
Provided in year	138,620	40,696	42,093	40,696
Surplus/deficit made on sheltered housing	0	(53,781)	0	(53,781)
Spend in year	(108,130)	(127,878)	(108,130)	(127,878)
At 31 March 2013	199,146	168,656	102,619	168,656
	£	£	£	£
	GROUP	GROUP	ASSOCIATION	ASSOCIATION
	2013	2012	2013	2012
17 Revenue reserve				
At 1 April 2012	10,686,854	9,559,105	10,686,854	9,559,105
Surplus in year	1,977,801	821,281	1,607,156	821,281
Transfer from capital reserve	0	124,809	0	124,809
Transfer from designated reserve	104,947	181,659	66,922	181,659
At 31 March 2013	12,769,602	10,686,854	12,360,932	10,686,854
	£	£	£	£
	GROUP	GROUP	ASSOCIATION	ASSOCIATION
	2013	2012	2013	2012

West of Scotland Housing Association Limited
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	2013	2012	
18 Note to the cash flow statement			GROUP
Returns on investments and servicing of finance	137,180	14,282	
Interest received	(1,618,871)	(1,451,731)	
Interest paid	(1,481,691)	(1,437,449)	
Net cash outflow from returns on investments and servicing of finance	(1,481,691)	(1,437,449)	
Capital expenditure and financial investment	(13,962,323)	(14,714,079)	
Expenditure on housing properties	4,613,840	6,543,417	
Social housing grant - received	(48,145)	(359,719)	
Purchase of other fixed assets	565,769	1,089,750	
Disposal of housing properties	(86,755)	(929,843)	
Social housing grant - released on disposal	0	16,263	
Sale of other fixed assets	886	(30,573)	
Disposal of housing properties and fixtures	(8,916,728)	(8,384,784)	
Net cash outflow from capital expenditure and financial investment	(8,916,728)	(8,384,784)	
Financing	5	(69)	
Issue of ordinary shares	11,950,000	6,000,000	
Loans received	(675,302)	(595,090)	
Loans repaid	11,274,703	5,404,841	
Net cash inflow from financing	11,274,703	5,404,841	
Returns on investments and servicing of finance	135,971	14,282	
Interest received	(1,618,871)	(1,451,731)	
Interest paid	(1,482,900)	(1,437,449)	
Net cash outflow from returns on investments and servicing of finance	(1,482,900)	(1,437,449)	
Capital expenditure and financial investment	(13,962,323)	(14,714,079)	
Expenditure on housing properties	4,613,840	6,543,417	
Social housing grant - received	(46,454)	(359,719)	
Purchase of other fixed assets	565,769	1,089,750	
Disposal of housing properties	(86,755)	(929,843)	
Social housing grant - released on disposal	0	16,263	
Sale of other fixed assets	886	(30,573)	
Disposal of housing properties and fixtures	(8,915,037)	(8,384,784)	
Net cash outflow from capital expenditure and financial investment	(8,915,037)	(8,384,784)	
Financing	5	(69)	
Issue of ordinary shares	11,950,000	6,000,000	
Loans received	(675,302)	(595,090)	
Loans repaid	11,274,703	5,404,841	
Net cash inflow from financing	11,274,703	5,404,841	

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19 Capital commitments

	2013	2012
Expenditure contracted for but not provided in the accounts	£ 9,856,052	£ 30,153,330

Capital commitments will be funded from the borrowing facility that was put in place to support the Association's development programme.

20 Lease commitments

The Association rents office accommodation from Willowacre Trust under a 25-year lease. The lease has three years until expiry. The annual rent is £40,500. The Association has sub-let this lease to Glasgow Association For Mental Health since 14 July 2003.

21 Housing stock

	2013	2012
No	2013	2012

The number of units of accommodation in management at 31 March 2013 was:

General needs	2,916	2,827
Supported housing	197	199
Shared ownership	68	72
	<u>3,181</u>	<u>3,098</u>

Units awaiting improvement or repair at year end

	2	20
Units under construction at year end	97	81

Total bedspaces at year end

	10,458	10,090
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Cash at bank and in hand

	1,063,790	766,453
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Short term deposits

	5,528,169	10,988,976
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Overdrafts

	0	0
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Debt due within one year

	(758,499)	(1,492,589)
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Debt due in more than one year

	(49,735,614)	(60,276,222)
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22 Analysis of changes in net liabilities

	At 1 April 2012	Movement	At 31 March 2013
Quarriers	1		1
Key Housing Association	1		1
Cornerstone	1		1
Simon Community	1		2
McFarlane Homes	1		1
South Lanarkshire Council	1		1
Hayfield Deaf Unit	2		2
Mungo Foundation	1		1
NHS Ayrshire and Arran	10		10
Womens Aid	1		1
National Autistic Society	2		2
North Lanarkshire Council	2		2
Crossreach	20		17
Orchard and Shipman (previously Y People/YMCA)	1		1
YWCA	1		1

Included within the above, the following units are managed by other agencies:

23 Pensions

FRS 17 disclosure

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

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

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

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

Potential debt on withdrawal

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 of Scotland Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2012. As of this date the estimated employer debt for West of Scotland Housing Association was £12,354,373 (2012: £12,721,677).

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Information about the scheme valuation

The Scheme offers five benefit structures to employers, namely:

- Final Salary with 1/60th accrual rate
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in.

An employer can elect to operate different benefit structures for their active

members (as at the first day of April in any given year) and their new entrants. An

employer can only operate one open benefit structure at any one time. An open

benefit structure is one which new entrants are able to join.

West of Scotland Housing Association has elected to operate the final salary with a

1/60th accrual rate benefit structure for active members and new entrants.

During the accounting period West of Scotland Housing Association Limited paid

contributions at the rate of 9.6% of pensionable salaries. Member contributions

were 9.6%.

As at the balance sheet date there were 54 active members of the Scheme

employed by West of Scotland Housing Association Limited. The annual pensionable

payroll in respect of these members was £1,771,220.

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

Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions

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

% p.a.

Rate of pension increases

- Pension accrued pre 6 April 2005 in excess of GMP
 - Pension accrued post 6 April 2005 (for leavers before

1 October 1993 pension increases are 5.0%)

Rate of price inflation

2.9
2.2
3.0

Mortality tables

Non-pensioners - SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1%

p.a. minimum improvement.

Pensioners - SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a.

minimum improvement

Contribution rates for future service (payable

from 1 April 2011)

19.2	Final salary 1/60ths
17.1	Career average revalued earnings 1/60ths
14.9	Career average revalued earnings 1/70ths
13.2	Career average revalued earnings 1/80ths
9.4	Career average revalued earnings 1/120ths
10.4	Additional rate for deficit contributions

West of Scotland Housing Association Limited has been notified by the Scheme that

past service deficit contributions payable for the year to 31 March 2013 are

£202,442. Deficit contributions will increase to £452,274 effective from 1 April 2014

and will increase by 3% each year for the next 13.5 years.

The calculated net present value of this contribution at 31 March 2013 using a

discount rate of 4% is £2,122,831.

24 Related parties

The Association has one wholly owned subsidiary company – the Willowacre Trust, a charitable company limited by guarantee. Under FRS 8, the Association is not required to disclose transactions with wholly owned subsidiaries.

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

25 Contingent liabilities

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 £12.4 million. Refer to note 19 for further explanation. Housing Association Grants allocated to buildings or components subsequently replaced by the Association are recognised in the Income and Expenditure account, with the cost of replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2013 was £689,659.

26 Post balance sheet event

On 1 April 2013, West of Scotland Housing Association became a subsidiary of Gentoo Group Limited.