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**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**Registered Housing Association No. HCB 205**

**Financial Services Authority No. 1931R(S)**

**Charity No SC 035633**

**BAKER TILLY UK AUDIT LLP**  
**Chartered Accountants**

**Glasgow**

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

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### **Registration Particulars:**

Financial Services Authority	Industrial and Provident Societies Act 1965 Registered Number 1931 R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number HCB 205
Office of Scottish Charity Regulator	Charity and Trustee Investment Act (Scotland) 2005 Scottish Charity Number SC 035633

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

The Committee of Management present their report and audited financial statements for the year ended 31 March 2010.

### Principal activity

The principal activity of Whiteinch and Scotstoun Housing Association (WSHA) is the provision of housing for let at rents affordable to the client groups for whom it intends to provide.

### Our Strategic Aims

Whiteinch and Scotstoun Housing Association has as its Strategic Aims:

**Growth:** the Association has identified growth opportunities through increasing house numbers over the next few years. This can be achieved by two routes, development and stock transfer.

The Association has established a joint venture with Partick Housing Association Ltd for the purpose of developing vacant land at Byron Street, which will provide a mixture of social housing and Homestake properties, from which the Association will obtain fourteen units. The handover of these is anticipated to be towards the end of July 2010. The Association is currently developing at two other sites in the area, these being at Medwyn Street (twelve units) and Fore Street (fifteen units) which are respectively due for completion in October 2010 and June 2011. The Association is currently undertaking various feasibility studies for development of other sites within its area of operation.

The Association has also been established as a preferred bidder for the housing currently owned by the Glasgow Housing Association (GHA) in Whiteinch. The Association had an outline bid for the transfer of the properties accepted by the GHA in October 2007. In accordance with the GHA's procedures, a business case and detailed proposals are now being developed for a possible submission in October 2009.

**Diversification:** Whiteinch & Scotstoun Housing Association has been involved in Wider Role (that is, non-housing projects and activities) for some years now. This includes activities, such as regeneration projects (one-stop-shop; welfare advice; environmental developments; Whiteinch Community Association /Neighbourhood Centre support) and setting up a non-charitable subsidiary.

Over the next year, the Association will revisit its Wider Action Strategy and determine its medium to longer-term approach.

**Consolidation:** the Association is keenly aware that it is operating in a culture of continuous improvement. It was identified by the organisation that Performance Management was underdeveloped and this was reinforced by the Scottish Housing Regulator (formerly Communities Scotland) when they inspected the Association in March 2008. Consequently, the Association has been developing and extending its performance management systems. In addition, WSHA has joined a Quality and Efficiency Forum, made up of a variety of Registered Social Landlords with the aim of sharing experiences and comparing performance with a view to assisting continuous improvement.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010 (continued)

Our vision is one of 'Aiming for High Quality Homes in a Desirable Environment'. Some of the main objectives which we think can help achieve this aim include:

- demonstrating innovation in housing design, where possible influencing the practice of others and helping to raise standards generally
- achieving continuous improvement in all the services we deliver, and achieving and maintaining high standards of business efficiency and effectiveness
- creating opportunities for significant levels of user involvement in what we do
- being recognised by regulators and strategic partners as delivering excellent performance

We see these as challenging objectives, which will change the way we deliver our core services of housing, housing support, advice, and consultancy. In particular, we seek to challenge what we currently do and look to improve, rather than simply carry on with existing patterns of work.

### Business review

The Association made a surplus of £669,730 (2009 – surplus £847,646) during the year. The Association continued with its investment in planned and cyclical works throughout the 2009-2010. The total expenditure on planned and cyclical works expensed in the year amounted to £425,493 (2009 - £491,913). This expenditure is written off in the year it is incurred and not capitalised.

Despite this expenditure WSHA is in a strong financial position with over £4m deposited as cash funds, and has revolving loan facilities available to it on demand. WSHA continues to have a substantial major repair investment programme with further replacement kitchens due in a large proportion of properties over the next few years. We have also provided substantial funds over the next five years to meet our commitments under the Scottish Housing Quality Standards. Cash surpluses will continue to be made, subject to our planned major repair programme over the next few years.

### Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 15. The surplus for the year of £669,730 (2009 – surplus £847,646) has been dealt with as follows:

	£
Transfers to designated reserves:	
Major repairs reserve	679,418
Transferred from revenue reserve	(679,418)
	<u>Nil</u>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010 (continued)

### Members of Committee of Management

The Members of the Committee of Management of the Association during the year to 31 March 2010 were as follows:

David Marks (Chairperson)	Rachel Brown
Christine Madden (Vice-Chairperson)	Jim Higgins
John M Kerr	Mary McGregor (Resigned February 2010)
Mrs E Willis-New	Alan Henshelwood
Helen Brown	Roslynn Carrigan (Resigned March 2010)
Kathy Clark	David Reilly (Resigned March 2010)
Sadie Latter (Joined May 2009, Resigned March 2010)	

Each member of the Committee of Management holds one fully paid share of £1 in WSHA. The executive officers of WSHA hold no interest in WSHA'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 WSHA during the year to 31 March 2010 were as follows:

Mr Ian Morrison	Chief Executive
Mrs Karen McQueen	Deputy Chief Executive and Secretary
Mr Andrew Reid	Financial Services Manager
Mr Jim Calderwood	Housing Manager
Ms Fiona Birse	Projects Manager

### Operational Review

#### 1 Corporate Governance

WSHA has a Committee of Management who are elected by the members of the Association. (See below 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 Committee of Management are unpaid.

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

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

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

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2010 (continued)**

### **2 Corporate Issues**

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

#### **Performance Management**

The Association is conscious that staff performance is the key to quality service delivery. In support of this, the senior management team undertook a development programme in the last year with consideration now being applied to extending and building on this. In addition, training needs will be considered for all staff through the staff development system.

#### **Best use of resources**

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

#### **Services**

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do. Inspections of our supported scheme by the Care Commission confirmed that we have a good standard of service, with few suggestions being made for improvement. In our housing stock, we moved ahead with some major repairs that had become necessary, introduced improved arrangements for gas servicing, and brought new schemes into management.

Our rent arrears management improved, with clearer information to tenants. We continued to deliver many completed adaptations to existing properties, to meet the specific needs of our tenants.

### **3 Development Issues**

The year just completed has been busy. We have spent £1,230,345 on developing housing stock (2009 - £282,222) during the year, of which £1,135,569 (2009 - £521,576) is funded by grants received from Glasgow City Council (Housing Association Grant).

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2010 (continued)**

### **4 Housing Issues**

Whiteinch continues to work on reducing the period of time taken to re-let or let new properties and to ensure that we maximize our effectiveness in housing people in need and reduce our costs. The rent loss due to empty properties was £31,853 (2009 - £29,807).

### **5 Finance and IT Issues**

The Committee of Management have approved a proposal for the Association to replace its current data management system and have entered into a contract with Capita for the provision of its Open Housing and Financial software which will be implemented throughout 2010-2012.

### **6. Other Areas Risk Management Policy**

The Committee have, with advice from their auditors, a formal risk management process 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 review the adequacy of the Association's current internal controls.

In addition, the Committee have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although this is not mandatory for the Association it should, as a public interest body, adopt these guidelines as best practice. Accordingly they have set policies on internal controls which cover the following:

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

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2010 (continued)**

### **Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Committee of Management. In this way the Association 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.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2010, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

### **Maintenance policies**

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

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

### **Internal Financial Control**

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial control are outlined on pages 10 and 11.

### **Management Structure**

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

### **Quality and Integrity of Personnel**

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

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2010 (continued)**

### **Budgetary Process**

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

### **Investment Appraisal**

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Committee. Reviews are carried out during the development period, to monitor expenditure and performance.

### **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. This policy follows the generally accepted practice/principles of the Housing Movement.

### **Employee Involvement and Health & Safety**

The Association encourages employee involvement in all major initiatives.

### **Disabled Employees**

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

### **Credit Payment Policy**

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

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2010 (continued)**

### **General Reserves Policy**

The Committee members have reviewed the reserves of WSHA. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. The review concluded that to allow WSHA to be managed efficiently and to provide a buffer for uninterrupted services, a general reserve equivalent to three month's operating cost should be maintained.

The Association has one other designated fund. The purpose of this fund 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.

We sold one property under right to buy in the year, thereby allowing some tenants to achieve their aspiration of becoming home owners.

### **Future developments**

The Association intends to continue with its policy of improving the quality of housing within its area of operation.

### **Information for the auditors**

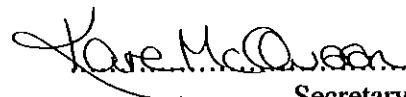
As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such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

### **Auditors**

A tendering process for the audit has been undertaken since the year end. Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Committee of Management

Date: 22nd June 2010

  
Secretary

The Whiteinch Centre  
1 Northinch Court  
Glasgow  
G14 0UG

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMMITTEE RESPONSIBILITIES

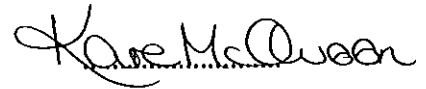
Under the legislation relating to Industrial and Provident Societies we are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements we are required to:

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

We are also responsible for:

- keeping proper accounting records;
- safeguarding the Association's assets;
- taking reasonable steps for the prevention and detection of fraud.

By order of the Committee of Management



Date: 22nd June 2010

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **COMMITTEE OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROLS**

**31 MARCH 2010**

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

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

It is the Committee of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that;

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

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

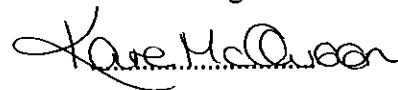
## **COMMITTEE OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROLS**

**31 MARCH 2010**

**(Continued)**

The Committee of Management have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2010 and until the below date. The system of internal financial control will ensure that there are no known material losses, contingencies or uncertainties which would require disclosure in the financial statements or in the Auditors' Report on the financial statements.

By order of the Committee of Management



Date: 29th June 2010

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

### Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on pages 10 and 11 concerning the 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 pages 10 and 11 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.



Baker Tilly UK Audit LLP  
Registered Auditors  
Chartered Accountants  
Glasgow

Date: .....5.7.10.....

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

We have audited the financial statements on pages 15 to 34, which have been prepared under the accounting policies set out on pages 18 to 21.

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.

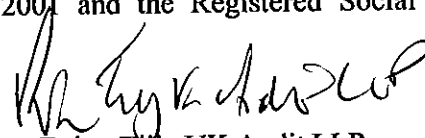
# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

#### **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: 5.7.10

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
<b>Turnover</b>	2	3,539,997	3,478,218
Less: Operating costs	2	<u>(2,747,091)</u>	<u>(2,952,322)</u>
<b>Operating surplus</b>	2	792,906	525,896
Profit on sale of fixed assets		1,071	397,779
Interest receivable and other income		18,547	88,853
Interest payable and other charges		<u>(142,794)</u>	<u>(164,882)</u>
<b>Surplus on ordinary activities before tax</b>		669,730	847,646
Taxation on surplus on ordinary activities	6	-	-
<b>Surplus on ordinary activities after tax</b>	8	<u>669,730</u>	<u>847,646</u>

All activities relate to continuing activities within the year.

There are no other gains or losses in 2009 or 2010 other than the surplus above.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2010

	Notes	£	2010 £	2009 £
<b>Tangible Fixed Assets</b>				
Housing properties				
- gross cost less depreciation	9		48,487,785	47,400,509
Less: HAG	9		<u>(44,323,935)</u>	<u>(43,235,425)</u>
			4,163,850	4,165,084
Other Assets	9		<u>1,072,676</u>	<u>1,103,028</u>
			5,236,526	5,268,112
<b>Current Assets</b>				
Debtors	10	219,610		664,834
Cash at hand and in bank		4,120,064		3,244,027
			<u>4,339,674</u>	<u>3,908,861</u>
<b>Current Liabilities</b>				
Creditors due within one year	11	<u>(1,019,164)</u>		<u>(1,165,439)</u>
<b>Net Current Assets</b>			3,320,510	2,743,422
			<u>8,557,036</u>	<u>8,011,534</u>
<b>Creditors due after one year</b>	12		<u>(2,708,693)</u>	<u>(2,832,846)</u>
<b>Net Assets</b>			<u>5,848,343</u>	<u>5,178,688</u>
<b>Capital and Reserves</b>				
Share capital	15		79	154
Designated reserves	7		5,348,264	4,668,846
Revenue Reserves	8		500,000	509,688
			<u>5,848,343</u>	<u>5,178,688</u>

These financial statements were approved by the Committee of Management and authorised for issue on 22nd June 2010 and signed on their behalf by:

Committee Member: .....

Committee Member: .....

Secretary: .....

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## CASH FLOW STATEMENT

YEAR TO 31 MARCH 2010

		2010	2009
	£	£	£
<b>Net cash inflow from operating activities</b>		1,238,447	891,043
<b>Returns on investments and servicing of finance</b>			
Interest received	18,547		88,853
Interest paid	<u>(142,794)</u>		<u>(164,882)</u>
		(124,247)	<u>(76,029)</u>
<b>Investing activities</b>			
Cash paid for construction and purchases	(1,235,314)		(306,702)
Housing association grant received	1,135,569		251,576
Housing association grant repaid	(47,059)		(540,186)
Sales of housing properties	53,100		962,750
Purchase of other fixed assets	<u>(16,348)</u>		<u>(23,896)</u>
<b>Net cash inflow from investing activities</b>		<u>(110,052)</u>	<u>343,542</u>
<b>Net cash inflow before financing</b>		1,004,148	1,158,559
<b>Financing</b>			
Loan received	-		-
Loan principal repayments	(128,114)		(112,313)
Increase in share capital	<u>3</u>		<u>-</u>
<b>Net cash (outflow) from finance</b>		<u>(128,111)</u>	<u>(112,313)</u>
<b>Increase in cash</b>		<u>876,037</u>	<u>1,046,243</u>

Further details are given in note 16.

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2010**

### **1. Accounting Policies**

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by The Financial Services Authority. The accounts have been prepared under the historical cost convention, and in compliance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and The Statement of Recommended Practice (SORP), "Accounting by Registered Social Landlords" and applicable Accounting Standards.

#### **(a) Accounting Policies**

The principal accounting policies of the Association are set out in the paragraphs (b) to (o) below.

#### **(b) Finance**

The financial statements have been prepared on the basis that the capital expenditure referred to in note 9 will be grant aided, funded by loans, met out of reserves, or from proceeds of sales.

#### **(c) Mortgages**

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

#### **(d) Housing Association Grants**

Housing Association Grants (HAG) were utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount, which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost (note 1(f)) of the scheme in accordance with instructions issued from time to time by the grant awarding body.

#### **(e) Housing Association Grant - Acquisition and Development Allowances Receivable**

Acquisition and Development Allowances are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development Allowances become available in instalments according to the progress of work on the scheme. These Allowances are credited to development costs when they are receivable.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010  
(continued)

### (f) Fixed Assets - Housing Land and Buildings (note 9)

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes and where such costs are not excessive.

If expenditure does not qualify for HAG, it is nevertheless capitalised.

Expenditure on schemes, which are subsequently aborted, is written off in the year in which it is recognised that the scheme will not be developed to completion.

Interest on the loan financing the development is capitalised up to the relevant date of completion.

### (g) Depreciation

#### (i) Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the properties, which is expected to be 50 years. No depreciation is charged on land.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(continued)

### (ii) Other Fixed Assets

Association's assets

The Association's assets are written off evenly over their expected useful lives as follows:

Office premises	-	over 50 years
Furniture & equipment	-	over 5 years

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.

### (h) Impairment of Fixed Assets

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

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

### (i) Reserves

#### Designated Reserve - Reserves for Major Repairs (note 7)

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

### (j) Apportionment of Management Expenses

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

### (k) Lease Obligations

Rentals paid under operating leases are charged to the income and expenditure account on the accruals basis.

### (l) Value Added Tax

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2010**

**(continued)**

### **(m) Pensions**

The Association participates in the centralised SFHA Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole.

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

### **(n) 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, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

### **(o) 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.

**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2010**  
**(Continued)**

**2. Particulars of turnover, operating costs, operating deficit**

	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Operating Surplus/(Deficit) 2009
	£	£	£	£
<b>Social lettings</b>	3,193,858	2,322,743	871,115	597,272
<b>Other activities</b>	346,139	424,348	(78,209)	(71,376)
<b>Total</b>	<u>3,539,997</u>	<u>2,747,091</u>	<u>792,906</u>	<u>525,896</u>
<b>2009</b>	<u>3,478,218</u>	<u>2,952,322</u>	<u>525,896</u>	

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

### 3a. Particulars of turnover, operating costs, operating deficit from social lettings

	General Needs Housing £	Shared Ownership Housing £	Supported Housing Accommodation £	2010 Total £	2009 £
<b>Income from lettings</b>					
Rent receivable net of identifiable service charges	2,954,156	1,583	65,183	3,020,922	2,813,874
Service charges receivable	163,223	76	2,558	165,857	172,542
Gross income from rents and service charges	3,117,379	1,659	67,741	3,186,779	2,986,416
Less voids	(31,853)	-	-	(31,853)	(29,807)
<b>Net income from rents and service charges</b>	3,085,526	1,659	67,741	3,154,926	2,956,609
Grant from Scottish Ministers	-	-	-	-	-
Grants from Glasgow CC	38,932	-	-	38,932	32,187
<b>Total turnover from social letting activities</b>	3,124,458	1,659	67,741	3,193,858	2,988,796
<b>Expenditure on Letting Activities</b>					
Management and maintenance administration costs	1,149,660	618	25,974	1,176,252	1,221,329
Service costs	208,168	112	4,703	212,983	176,085
Planned and cyclical maintenance including major repairs	415,873	224	9,396	425,493	491,913
Reactive maintenance	395,530	213	8,936	404,679	405,035
Bad debts – rents and service charges	7,324	-	-	7,324	5,158
Depreciation of social housing	96,012	-	-	96,012	92,009
<b>Operating costs for social letting activities</b>	2,272,567	1,167	49,009	2,322,743	2,391,524
<b>Operating surplus for social lettings for 2010</b>	851,891	492	18,732	871,115	597,272
<b>Operating surplus for social lettings for 2009</b>	578,898	382	17,992	597,272	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2009 - £nil).

The total for voids includes development voids, where the Association has chosen to keep decant properties vacant to allow developments going on site to proceed as planned.

The total amount of major repairs expenditure incurred in the year was £128,229 (2009 - £491,913). No major repairs were capitalised (2009 - £nil).

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010  
(Continued)

### 3b – Particulars of turnover, operating costs, operating deficit from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	2009
	£	£	£	£	£	£	£	£	£
Wider action/wider role	44,255	36,000	-	-	80,255	-	80,255	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	68,860	68,860	(15,659)	81,521	2,998	(24,437)
Development and construction of property activities	-	-	-	3,885	3,885	-	88,296	(84,411)	(49,931)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	14,464	-	14,464	-	14,464	-	-
Agency/management services for registered social landlords	-	-	-	178,675	178,675	-	175,471	3,204	2,992
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	-	-	-
<b>Total from other activities</b>	<b>44,255</b>	<b>36,000</b>	<b>14,464</b>	<b>251,420</b>	<b>346,139</b>	<b>(15,659)</b>	<b>440,007</b>	<b>(78,209)</b>	<b>(71,376)</b>
<b>2009</b>	<b>183,489</b>	<b>40,489</b>	<b>50,959</b>	<b>214,485</b>	<b>489,422</b>	<b>27,195</b>	<b>533,603</b>	<b>(71,376)</b>	

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010  
(Continued)

	2010	2009
	£	£
<b>4. Sale of fixed assets</b>		
Sale proceeds	53,100	962,750
Cost of sales	(52,029)	(564,971)
Gain on disposal	<u>1,071</u>	<u>397,779</u>

The sales of housing properties have occurred under the right to buy legislation, and shared ownership sales.

<b>5. Interest Payable</b>		
Interest payable in the year has been charged as follows:		
Loans	142,794	164,882
Less: Capitalised in housing properties	-	-
	<u>142,794</u>	<u>164,882</u>

<b>6. Taxation</b>	
The Association became a charity on 11 June 2004 and from that date is not taxable on its exempt activities.	

<b>7. Designated Reserves</b>	1 April 2009	From Revenue Reserve	31 March 2010
	£	£	£
Major repairs reserve	<u>4,668,846</u>	<u>679,418</u>	<u>5,348,264</u>

No restrictions are placed upon these reserves, but the Committee of Management has designated their use for specific purposes

<b>8. Revenue reserve</b>	2010	2009
	£	£
Surplus for year	669,730	847,646
Transfer (to) designated reserves	(679,418)	(800,000)
Revenue reserve brought forward	<u>509,688</u>	<u>462,042</u>
Revenue reserve carried forward	<u>500,000</u>	<u>509,688</u>

**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2010**  
**(Continued)**

**9 Tangible Fixed Assets**

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Major Renewals Housing Properties Held for Letting	Office Premises £	Furniture Fittings & Equipment £	Total £
<b>Cost</b>							
At 1 April 2009	47,840,087	60,196	30,392	233,809	1,117,099	278,796	49,560,379
Additions during year	108,217	1,122,129	-	-	-	16,350	1,246,696
Transfers	20,116	(20,116)	-	-	-	-	-
Disposals in year	(47,059)	-	-	-	-	-	(47,059)
At 31 March 2010	47,921,361	1,162,209	30,392	233,809	1,117,099	295,146	50,760,016
<b>Housing Association Grant</b>							
At 1 April 2009	43,179,015	34,852	21,558	-	-	-	43,235,425
Additions during year	75,597	1,059,972	-	-	-	-	1,135,569
Repaid and abated during year	(47,059)	-	-	-	-	-	(47,059)
Transfers	4,111	(4,111)	-	-	-	-	-
At 31 March 2010	43,211,664	1,090,713	21,558	-	-	-	44,323,935
<b>Depreciation</b>							
At 1 April 2009	719,892	-	8,834	35,248	61,613	231,256	1,056,843
Provided during year	90,222	-	-	5,790	20,000	26,700	142,712
Disposals	-	-	-	-	-	-	-
At 31 March 2010	810,114	-	8,834	41,038	81,613	257,956	1,199,555
<b>Net book value</b>							
At 31 March 2010	3,899,583	71,496	-	192,771	1,035,486	37,190	5,236,526
At 1 April 2009	3,941,180	25,344	-	198,561	1,055,486	47,541	5,268,112

Development administration costs capitalised amounted to £56,290 (2009: £57,691). No interest has been capitalised. None of the Association's properties are held under a lease. Housing Association Grants are repayable under certain circumstances, namely the sale of properties.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010  
(Continued)

10. Debtors	2010 £	2009 £
Amounts falling due within one year:		
Rents in arrears	66,627	69,429
Less bad debt provision	(57,000)	(50,027)
	<u>(9,627)</u>	<u>19,402</u>
Trade debtors	136,629	128,633
Prepayments and accrued income	73,354	516,799
	<u>219,610</u>	<u>664,834</u>
11. Creditors due within one year		
Loans	73,731	77,692
Trade creditors	167,227	213,513
Other creditors	10,971	7,300
Accruals and deferred income	696,569	762,495
Rents in advance	70,666	104,439
	<u>1,019,164</u>	<u>1,165,439</u>
12. Creditors due after one year		
Loans	<u>2,708,693</u>	<u>2,832,846</u>

Loans are secured by specific charges on the Association's properties. Loans are repayable at rates of interest of 5.25% to 5.44% (2009 – 5.25% to 5.64%) in instalments due as follows:

In one year or less	73,731	77,692
Between two and five years	391,413	407,254
In five years or more	2,317,280	2,425,592
	<u>2,782,424</u>	<u>2,910,538</u>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010  
(Continued)

13. Employees	2010 £	2009 £
Staff costs during year		
Wages and salaries	897,288	906,002
Social security costs	71,091	73,057
Other pension costs	<u>127,645</u>	<u>114,797</u>
	<u>1,096,024</u>	<u>1,093,856</u>
The average full time equivalent number of persons employed by the Association during the year were as follows	No	No
Administration and maintenance	<u>29</u>	<u>32</u>
The Directors are defined as the members of the Committee of Management, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments including pension contributions exceed £60,000 per year.		
	£	£
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>65,326</u>	<u>61,469</u>

The Association's pension contributions for the Director in the year amounted to £9,510 (2009 - £9,346).

During the current year, there was one director with emoluments, excluding pension contributions, over £60,000 (2009: one).

No member of the Committee of Management received any emoluments in respect of their services to the Association.

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2010**

**(Continued)**

### **13. Employees (contd)**

#### **Pension Scheme - General**

The Association participates in the SFHA Pension Scheme.

The SFHA Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the state scheme.

The Scheme currently operates with a single benefit structure, final salary with a 1/60<sup>th</sup> accrual rate. From April 2008 are three benefit structures available, namely:

Final salary with a 1/60<sup>th</sup> accrual rate.

Career average revalued earnings with a 1/60<sup>th</sup> accrual rate.

Career average revalued earnings with a 1/70<sup>th</sup> 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 one time. An open benefit structure is one which new entrants are able to join.

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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Whiteinch & Scotstoun 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 twenty four active members of the Scheme employed by Whiteinch & Scotstoun Housing Association Limited. Whiteinch & Scotstoun Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

### Employees (contd)

#### Pension Scheme - General

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2007. 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 £310 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £28 million, equivalent to a past service funding level of 91.8%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% pa
- Investment return pre-retirement	7.2
- Investment return post retirement	4.9
- Rate of salary increases	4.6
- Rate of pension increases	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993	
pension increases are 5.0%)	
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

The long-term joint contribution rates required from employers and members to meet the cost of *future* benefit accrual were assessed as:

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

### Employees (contd)

#### Pension Scheme - General

Benefit structure	Long-term joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the valuation it was agreed that the shortfall of £54 million would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

Benefit structure	Joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	23.1 comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9 comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9 comprising employer contributions of 11.9% and member contributions of 6.0%

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

### Employees (contd)

#### Pension Scheme - General

The next full actuarial valuation will be carried out as at 30 September 2009. An Actuarial Report will be prepared as at 30 September 2008 in line with statutory regulations.

As a result of pension scheme legislation 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 currently participating 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.

	2010 £	2009 £
<b>14. Auditors' Remuneration</b>		
The remuneration of the auditors (including expenses and excluding VAT for the year)	9,728	8,632
Remuneration of the auditors in respect of services other than those of auditors	2,692	1,469
	<u>12,420</u>	<u>10,101</u>
<b>15. Share Capital</b>		
Shares of £1 fully paid and issued at beginning of year	154	163
Shares issued during year	3	5
Shares cancelled during year	(78)	(14)
Shares issued at end of year	<u>79</u>	<u>154</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.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010  
(Continued)

	2010 £	2009 £		
<b>16. Notes to the Cash Flow Statement</b>				
<b>(a) Reconciliation of surplus to net cash inflow from operating activities</b>				
Surplus for year	669,730	847,646		
Net interest paid	124,247	76,029		
Operating surplus for the year excluding interest and tax payable	793,977	923,675		
Depreciation	142,712	142,992		
Cancellation of share capital	(75)	(9)		
Decrease/(Increase) in debtors	445,224	(234,346)		
(Decrease)/Increase in creditors	(142,320)	456,510		
Gain on sale of fixed assets	(1,071)	(397,779)		
	1,238,447	891,043		
<b>(b) Reconciliation of net cash flow to movement in net debt</b>				
Increase in cash for the year	876,037	1,046,243		
Loans received	-	-		
Loan repayments	128,114	112,313		
Change in net cash	1,004,151	1,158,556		
Net debt as at 1 April 2009	333,489	(825,067)		
Net debt as at 31 March 2010	1,337,640	333,489		
<b>(c) Analysis of Changes in net debt</b>				
	As at 1 April 2009 £	Cash Flow £	Changes £	As at 31 March 2010 £
Cash at bank and in hand	3,244,027	876,037	-	4,120,064
Bank overdrafts	-	-	-	-
Debt due within one year	(77,692)	3,961	-	(73,731)
Debt due after one year	(2,832,846)	124,153	-	(2,708,693)
	333,489	1,004,151	-	1,337,640
	2010 £			2009 £

## 17. Capital Commitments

Expenditure authorised by the Committee of Management contracted less certified	2,814,000	-
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All developments in progress have been approved by Scottish Government for payment of HAG. Whiteinch expects that the Scottish Government will finance most of the expenditure by HAG with the remaining expenditure being financed by loans from lenders.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

### 18. Contingent Liabilities

Whiteinch & Scotstoun Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2006. As of this date the estimated employer debt for Whiteinch & Scotstoun Housing Association was £5,326,633. The Association has no current plans to withdraw from the scheme.

At 31 March 2010, the Association had no other contingent liabilities (2009 - £nil).

### 19. Housing Stock

	2010 No	2009 No
The number of units in Management at 31 March was as follows		
General Needs Housing	920	920
Supported Housing Accommodation	30	30
Shared Ownership Accommodation	1	1
	<u>951</u>	<u>951</u>

### 20. Related parties

Various members of the Management Committee are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants.

The Association provides management services to Whiteinch Local Housing Association and has representatives on its committee. The surplus in the year of £21,450 (2009 – £31,142) was transferred to the Housing Association.

### 21. Associated companies

The Association, in conjunction with Whiteinch Community Association, formed Whiteinch Centre Limited a company limited by guarantee and registered in Scotland. Each organisation can appoint two directors and one further director can be appointed with the agreement of both organisations. The principal activities of the company is the provision of recreational, educational and training facilities or the organisation of recreational, educational and training facilities with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended. Whiteinch Centre Limited will manage the community centre on behalf of both organisations.

The liability of the Association is limited to one pound.

### 22. Subsidiary company

On 8 April 2004 the Association incorporated a subsidiary company Scotinch Services Limited. This company is intended to handle the activities that the Association will not be able to undertake as the Association has converted to a charitable status. The company is a company limited by shares and is registered in Scotland. Its issued share capital is £1. The company did not trade during the year and has never traded.