

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2011

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Registered No. 1940 R (S)

Scottish Charity Number SC041554

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2011

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WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

MEMBERS, EXECUTIVE AND ADVISERS

Board of Directors

Mr. E. Mullen - Chairperson
Mr. W. Graham - Vice Chairperson
Mr. J. Forbes, M.B.E. – Secretary (Special Leave on Health Grounds)
Councillor F McKay (co-opted NLC representative stood down August 2010)
Councillor J Pentland (co-opted NLC representative 10 August)
Mrs. I. Love
Mrs. J. Fagan
Mrs. C Brown
Mr. C Keeper
Mrs. M McNeil (Resigned 22 March 2011)
Mrs. H. Russell (Acting Secretary from 22 March 2011)
Mr L. McCabe
Mr K Arshad (co-opted 26 October 2010)
Mrs J Watson (co-opted 26 October 2010, Resigned 22 March 2011)

Registered Office

55 Kirk Road,
Wishaw.
ML2 7BL

Auditor

PKF (UK) LLP
Statutory Auditor
78 Carlton Place
Glasgow
G5 9TH

Bankers

Clydesdale Bank plc,
Stewarton Street,
Wishaw.
ML2 8AN

Executive Officer

Ms. A.R. Cooper MA(Hon.) MIH.Dip.H – Chief Executive

Solicitors

Morrison & Smith,
39 High Street,
Carluke.
NL8 4AW

Harper MacLeod,
45 Gordon Street,
Glasgow.
G1 3PE

TC Young,
40 George Square,
Glasgow.
G2 1LH

Brechin Tindal Oatts,
48 St. Vincent Street,
Glasgow.
G2 5HS

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF DIRECTORS

for the year ended 31 March 2011

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

PRINCIPAL ACTIVITY

The principal activity of the Association is the provision of rented accommodation.

REVIEW OF BUSINESS

In June 2010 Wishaw and District Housing Association Ltd. was granted charitable status by the Office of the Scottish Charity Regulator (OSCR), charity Number SC041554. The Association is now also recognised as a charity by HMRC.

Wishaw and District Housing Association Ltd. managed 1,034 properties in the year to 31 March 2011 (31 March 2010 1015 properties). The final 20 properties at Hill Street were handed over earlier in the year, we acquired one additional property through the Mortgage to Rent scheme and sold two properties under Right to Buy.

PROPERTY MANAGEMENT AND RESIDENT ENGAGEMENT

New Support and Advice Services

Over the past year the Association has introduced a number of new initiatives and has worked in partnership with other organisations to provide residents with financial and practical support.

- **The Prompt Payment Scheme**

A pilot 'Prompt Payment Scheme' was introduced as a way of recognising and thanking those residents that displayed a commitment to working with the Association by meeting their obligations and responsibilities as tenants and sharing owners of the Association. Under the scheme tenants and sharing owners were given the opportunity to earn money back by ensuring that their rent was paid on time every month. In the first six months, over 250 residents benefitted from the scheme and we are pleased to advise that the scheme is now being extended to include as many tenants and sharing owners as possible. In addition the reward levels paid out have been increased and amended to reflect the size of properties and the corresponding rents.

- **New Tenant Packs**

The Association now offers every new tenant a 'New Tenant Pack' that includes a number of household items as well as useful information and advice on running and maintaining a home. By offering the pack as an incentive, more new tenants are engaging with the Association at an early stage of their tenancy and are developing a positive working relationship with their Housing Officer.

- **AFTAR Project**

We have continued to work closely with the Citizens Advice Bureau and other local social landlords to provide the AFTAR (Advice For Tenants And Residents) project which offers our residents comprehensive money, benefits and debt advice as well as practical assistance on a wide range of subjects from housing and health to debt and issues to do with goods and services. We are pleased to report that in the first six months, the projects assisted our residents with a variety of issues, primarily with applying for additional benefits that resulted in financial gains of over £150,000.

- **OPAP**

The Older Persons Advice Project (OPAP) was also started that specifically sought to help our older residents with money and benefit advice. Again we are delighted that the project has succeeded in bringing in nearly £200,000 in additional benefits and income for our residents.

- **Credit Union**

The Association this year has also worked to promote the benefits, to tenants and sharing owners, of opening an account with their local Credit Union. To help interested residents get started we offered all our existing tenants and sharing owners a voucher for £10 to be redeemed upon opening a Credit Union savings account. To encourage new tenants to open a Credit Union savings account we offer them a similar voucher for £10 when they sign their tenancy agreement.

We are committed to seeking new and innovative ways to help all our residents through these difficult times and will continue to work with other agencies and organisations to offer as many support and advice services as we can in the coming year.

Key Performance Indicators

The Association continues to perform well in all of the key indicators relating to the services provided to our residents and in most of the core functions of the Tenancy Services department we compare favourably to our peer group and the sector average particularly with low levels of void loss and arrears, with high rates of collection of rents, rechargeable repair debts, former tenant debts and property management charges.

To assist those seeking housing in the area by simplifying access to social housing, the Association has been a full partner in North Lanarkshire's Common Housing Register since December 2010. Our properties remain in high demand and the numbers of applicants on the Association's waiting list is now over 3,000. At the same time we continue to have an very low turnover of stock and last year only let 75 properties (49 re-lets and 26 new build properties) and therefore remain unable to even make a dent in reducing the gap between demand and supply of decent, affordable housing.

GROWING OUR BUSINESS – OUR DEVELOPMENTS

Hill Street Wishaw

We are delighted to report that in the autumn of 2010 the Association, in partnership with local contractor Wilson Developments, was announced Regional Winner in the Social Development of the Year category of the Premier Guarantee Excellence Awards 2010.

Our 26 newbuild dwellings for affordable rent in Hill Street in Wishaw were completed earlier in the year. Representatives from Premier Guarantee had overseen the construction of the project and undertaken regular site visits while building works were underway. They praised both the Housing Association and contractor for the high quality of the development and construction works and the efficient management of the project as a whole.

The joint awards were presented to the Association and to Wilson Developments during a short ceremony in November.

Main Street Wishaw

In the summer of 2010 we acquired the former Tesco site at the bottom of Main Street in Wishaw. Since then we have been working with our design consultants and in conjunction with the Council's Regeneration Team on a feasibility study to examine options for the development of this prominent town centre site. Options include affordable housing for rent, housing for sale, accommodation for the elderly, and possibly a small childcare facility.

The feasibility study is now complete and we are looking forward to progressing development of the site with one of our Framework Contractors. We hope to secure funding in 2012.

This year, to smooth the way for the future construction works, we undertook extensive site remediation to stabilise the ground and remove contaminants. We were fortunate to secure some of the very last Vacant & Derelict Land funding, before the discontinuation of this fund, to assist with the cost and also with completing the feasibility study.

The future

The future of funding for affordable rented housing remains uncertain and, as with all other areas of public spending at the moment, we are being asked to achieve the same outputs with less government subsidy. Nevertheless, the Association remains committed to building and sustaining communities in Wishaw and the surrounding areas and we are exploring innovative approaches and partnerships that will allow us to keep building.

MAINTAINING OUR HOUSING STOCK

Planned Maintenance

A vital aspect of our maintenance strategy is our programme of planned maintenance works. This programme covers the renewal of building components throughout the life of our properties to ensure they remain in good condition and meet required quality standards.

In 2010/11 our planned maintenance works resulted in the renewal of building components in 275 of our tenanted properties, with some homes benefiting from several improvements:

- New gutters, downpipes soffits and fascias to 77 properties
- New external doors in 8 properties
- New boilers in 30 properties
- New bathrooms in 12 properties
- New kitchens in 82 properties
- New extract fans in 78 properties
- New smoke and carbon monoxide detectors in 11 properties

The value of the planned maintenance contracts in 2010/11 was £321k, which is £37k less than the budgeted costs. The 2011/12 budgeted planned maintenance expenditure is £411k

Reactive Repairs

In 2010/11 we undertook 3179 reactive repairs and we are delighted to report a continued high level of satisfaction from our tenants with the day to day repairs we undertake to their homes. This can be demonstrated by the results of our satisfaction surveys carried out during 2010/11 as summarised below:

How satisfied with:

Helpfulness of Association Staff	99.8%
Tradesman's punctuality	99.8%
Time to complete repair	99.3%
Tradesman's courtesy	100%
Quality of Repair	99.3%
Level of disturbance	99.7%

We also monitor our own and our contractors' performance against meeting our repairs works target time scales and we are pleased to report excellent results against all categories:

Category	Target Response Time	% completed on target
Emergency	Make safe within 2 hours	100%
Urgent	Attend within 2 working days	99%
Routine	Complete within 10 working days	98%

Scottish Housing Quality Standard

All of the Association's properties currently meet the Scottish Housing Quality Standard. In order to ensure we will continue to meet and exceed this Standard in the future we regularly review the condition of our properties and undertake a comprehensive programme of planned and cyclical maintenance works each year.

CHANGES IN FIXED ASSETS

Details of fixed assets are set out in Notes 8 to 10.

THE BOARD OF DIRECTORS AND EXECUTIVE OFFICER

The Board of Directors and Executive Officer of the Association are listed on page 2.

Each member of the Board of Directors holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and although not having the legal status of director acts as an executive within the authority delegated by the Board of Directors.

STATEMENT OF BOARD'S RESPONSIBILITIES

The Board is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Industrial and Provident Societies Acts and registered social housing legislation require the board 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 for that period. In preparing these financial statements the board is required to:-

- * Select suitable accounting policies and then apply them consistently;
- * Make judgements and estimates 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 Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland Act) 2001, the Charities and Trustee Investment Act (2005), Regulation 14 of the Charities Accounts (Scotland) Regulations 2006 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the business and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

STATEMENT ON INTERNAL FINANCIAL CONTROLS

The Board of Directors 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:

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

It is the Board of Director'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:

- (i) 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. These policies and regulations are reviewed on a regular basis in accordance with a structured programme.
- (ii) Experienced and suitably qualified staff take responsibility for important business functions.

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF DIRECTORS (continued)

for the year ended 31 March 2011

- (iii) Forecasts and budgets are prepared which allow the Board and management 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.
- (iv) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Directors.
- (v) The Board of Directors review reports from management and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- (vi) Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board of Directors has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2011 and until 12 July 2011. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

By order of the Board

J Forbes
Secretary



12 July 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Wishaw and District Housing Association ("the RSL") for the year ended 31 March 2011 which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes. 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 RSL in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968 and to the trustees of the charity ("the board of directors"), in accordance with regulations made under section 44 of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the RSL and the board of directors 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 RSL and the board of directors for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board of directors and auditor

As explained more fully in the statement of responsibilities of the board of directors, the board of directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Friendly and Industrial and Provident Societies Act 1968 and report in accordance with those Acts. Our responsibility is to audit 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the RSL's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board of directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the RSL's affairs as at 31 March 2011 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, the Charities and Trustee Investment (Scotland) Act 2005, Regulation 8 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006 and The Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Friendly and Industrial and Provident Societies Act 1968 or regulations made under the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion:

- the information given in the report of the board of directors is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- a satisfactory system of control has not been maintained over the RSL's transactions; or;
- we have not received all the information and explanations we require for our audit.



20 JULY 2011

PKF (UK) LLP
Statutory auditor

Glasgow, UK

PKF (UK) LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITOR ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements for the year ended 31 March 2011, we have reviewed the Board's statement on internal financial controls set out on pages 7 and 8. The object of our review is to draw attention to any non-compliance with Communities Scotland Guidance Note 2001/10.

We carried out our review in accordance with guidance issued by the Auditing Practices Board. The guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

With respect to the Board's statements on internal control on pages 7 and 8, in our opinion, the Board have provided the disclosures required under Communities Scotland Guidance Note 2001/10 referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Board members and Officers of the Association, and examination of relevant documents, in our opinion the Board's statement on pages 7 and 8 appropriately reflects the Association's compliance with Communities Scotland Guidance Note 2001/10 specified for our review.

PKF (UK) LLP

20 Jun 2011

PKF (UK) LLP
Statutory auditor

Glasgow, UK

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2011

	Notes	2011 £	2010 £
Turnover	2	3,118,786	2,907,881
Less: Operating costs	2	(2,217,601)	(2,187,400)
Operating surplus	6	901,185	720,481
Sale of properties	2	(33,111)	20,710
Interest receivable		4,375	3,786
Interest payable		(538,038)	(438,691)
Financing costs		(566,774)	(414,195)
Surplus on ordinary activities before taxation		334,411	306,286
Tax on surplus on ordinary activities	7	729	(60,654)
Surplus for the year		335,140	245,632

In each of the years ended 31 March 2010 and 31 March 2011, the only gain or loss recognised by the Association was the surplus for the year. All of the activities undertaken by the Association were continuing activities and the reported surplus was determined under the historical cost convention.

The notes on pages 15 to 32 form part of these financial statements

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

BALANCE SHEET

as at 31 March 2011

	Notes	2011 £	2010 £
Tangible Fixed Assets			
Housing properties	8	59,034,134	57,197,635
Less: Grants	9	(41,767,010)	(41,657,432)
		-----	-----
Other	10	17,267,124	15,540,203
		585,229	605,147
		-----	-----
		17,852,353	16,145,350
		-----	-----
Current Assets			
Stock		16,072	9,974
Debtors	11	300,616	183,363
Cash at bank and in hand		2,001,455	1,125,855
		-----	-----
		2,318,143	1,319,192
		-----	-----
Creditors: amounts falling due within one year	12	(789,785)	(959,895)
		-----	-----
Net current assets		1,528,358	359,297
		-----	-----
Total assets less current liabilities		19,380,711	16,504,647
		-----	-----
Creditors: amounts falling due after more than one year	13	(14,283,403)	(11,742,484)
		-----	-----
Net assets		5,097,308	4,762,163
		=====	=====
Capital and Reserves			
Share capital	14	131	126
Designated reserves	15	2,823,618	2,644,729
Accumulated surplus - Unrestricted reserves	16	2,273,559	2,117,308
		-----	-----
		5,097,308	4,762,163
		=====	=====

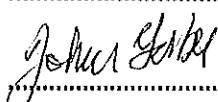
The financial statements on pages 12 to 32 were approved by the Board of Directors on 12 July 2011 and were signed on its behalf by:

 E. Mullen

Chairperson

 W. Graham

Vice Chairperson

 J. Forbes

Secretary

The notes on pages 15 to 32 form part of these financial statements

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

for the year ended 31 March 2011

	Notes	2011 £	2010 £
Reconciliation of operating surplus to net cash inflow from operating activities			
Operating surplus		901,185	720,481
Depreciation		49,780	48,444
Decrease/(Increase) in debtors		(117,253)	1,855
(Decrease)/Increase in creditors		(152,097)	(311,094)
Net cash inflow from operating activities		<u>681,615</u>	<u>459,686</u>
CASH FLOW STATEMENT			
	23		
Net cash inflow from operating activities		681,615	459,686
Returns on investments and servicing of finance		(533,663)	(434,905)
Capital expenditure		(1,785,935)	(1,685,443)
Taxation		(77,450)	(78,587)
Financing		2,591,033	1,742,158
Increase in cash		<u>875,600</u>	<u>2,909</u>
Reconciliation of net cash flow to movement in net debt:			
	24		
Increase in cash in the year		875,600	2,909
Cash inflow/(outflow) from increase in debt		(2,591,028)	(1,742,155)
		<u>(1,715,428)</u>	<u>(1,739,246)</u>
Net debt at 1 April 2010		(10,956,154)	(9,126,908)
Net debt at 31 March 2011		<u>(12,671,582)</u>	<u>(10,956,154)</u>

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and Statement of Recommended Practice: Accounting by Registered Social Landlords and follow the recommendations in Accounting and Reporting by Charities Statement and Recommended Practice issued in March 2005 (SORP 2005). A summary of the more important accounting policies which have been applied consistently are set out below.

Basis of Accounting

The financial statements are prepared on the historical cost basis of accounting.

Turnover

Turnover represents rental and service charge income, fees and revenue based grants receivable from local authorities and from the Scottish Government in the year.

Mortgages

Mortgage loans are advanced by private lenders, local authorities or the Scottish Government under the terms of individual mortgage deeds in respect of each property. Advances are available only in respect of those developments which have been given approval for Social Housing Grants (SHG) by the Scottish Government.

Social Housing Grants

For schemes developed under the terms of the 1988 Housing Act, Social Housing Grants are paid directly to the Association as required, to meet its liabilities during the development process. SHGs are repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

Tangible Fixed Assets - Housing Properties (Note 8)

Housing properties are stated at cost. The development costs of housing properties funded with traditional SHG or under earlier funding arrangements include the following:-

- i) Cost of acquiring land and buildings
- ii) Direct development expenditure
- iii) Interest charged on the mortgage loans raised to finance the scheme;

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.

Depreciation

No depreciation is charged on housing properties, held solely for rent because the Association's policy and practice is to maintain properties through a continuing programme of refurbishment and maintenance and consequently the lives of the properties and their residual value are such that any depreciation charge would be immaterial.

Housing properties which are held under shared ownership are depreciated over a period of 35 years. A part year's depreciation is charged on these assets in the year of purchase and in the year of disposal.

Heritable Property is depreciated on a straight line basis over the assets' useful lives which vary between 30 and 60 years.

No depreciation is charged on the Association's other traditional properties as it is felt that both the residual values and estimated useful economic life is sufficiently high to render any depreciation charge immaterial. As useful lives of some assets are in excess of fifty years and others are not being depreciated FRS11 requires impairment reviews to be carried out. This has been done and no impairment was noted.

Depreciation on other fixed assets is provided at the following rates:

Furniture and fittings - 20% straight line

Motor Vehicles – 33 1/3% straight line

Computer equipment - 33 1/3% straight line

A part year's depreciation is charged on these assets in the year of purchase and in the year of disposal.

Designated Reserves

(i) Life Cycle Reserves

This comprises the following reserves:-

Future cyclical repairs and maintenance (Note 15)

The reserve is based on the Association's liability to maintain the properties in accordance with a planned programme of works, provided it will not be met from revenue in the year in which it is incurred.

Central heating safety checks are carried out each year, external decorating and electrical checks are planned to take place every 5 years.

Planned/Major repairs (Note 15)

The Association maintains its housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure as identified in the Life Cycle Costing Model and the actual cost of repairs is charged to the income and expenditure account when incurred.

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

Stock

Stock of maintenance materials has been valued at average cost. Cost is defined as suppliers invoice price.

Pensions (Note 18)

The Association operates a defined benefits pension scheme, the cost of which is written off on an accruals basis as it is a multi-employer scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund.

Financial Commitments (Note 22)

Rentals paid under operating leases are charged to the income and expenditure account as incurred over the term of the lease.

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	2011			2010				
	Turnover £	Cost of Sales £	Operating Costs £	Operating Surplus/(Deficit) £	Turnover £	Cost of Sales £	Operating Costs £	Operating Surplus/(Deficit) £
Income and expenditure from letting	3,047,852	-	(2,031,653)	1,016,199	2,828,817	-	(1,975,732)	853,085
Other income and expenditure:-								
Wider Action	-	-	(9,593)	(9,593)	15,523	-	(20,971)	(5,448)
Development services	-	-	(119,013)	(119,013)	35,110	-	(119,287)	(119,287)
Stage III Adaptations	31,376	-	(31,463)	(87)	19,582	-	(35,110)	-
Factoring	23,100	-	(23,246)	(146)	8,849	-	(36,180)	(16,598)
Other	16,458	-	(2,633)	13,825		-	(120)	8,729
	<u>3,118,786</u>	<u>-</u>	<u>(2,217,601)</u>	<u>901,185</u>	<u>2,907,881</u>	<u>-</u>	<u>(2,187,400)</u>	<u>720,481</u>
Sale of Housing Properties	<u>73,500</u>	<u>(106,611)</u>	<u>-</u>	<u>(33,111)</u>	<u>57,000</u>	<u>(36,290)</u>	<u>-</u>	<u>20,710</u>

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2011

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing	Shared Ownership Housing	Total 2011	Total for previous period of account
	£	£	£	£
Rent receivable net of service charges	2,888,637	125,083	3,013,720	2,790,358
Service charges	36,828	3,388	40,216	45,338
Block Insurance Income	-	2,036	2,036	2,004
	-----	-----	-----	-----
Gross income from rents and service charges	2,925,465	130,507	3,055,972	2,837,700
Less voids	(5,253)	(2,867)	(8,120)	(8,883)
	-----	-----	-----	-----
Net income from rents and service charges	2,920,212	127,640	3,047,852	2,828,817
	-----	-----	-----	-----
Total turnover from social letting activities	2,920,212	127,640	3,047,852	2,828,817
Management and maintenance administration costs	865,057	50,013	915,070	860,064
Service costs	36,827	3,388	40,215	45,338
Planned and cyclical maintenance including major repair costs	434,944	-	434,944	499,067
Reactive maintenance costs	608,575	-	608,575	507,492
Block insurance costs	-	2,036	2,036	2,004
Bad debts – rents, service charges and recharges	15,115	-	15,115	49,136
Depreciation of social housing	-	12,496	12,496	12,631
Impairment of social housing	-	-	-	-
	-----	-----	-----	-----
Operating costs for social letting activities	1,960,518	67,933	2,028,451	1,975,732
Operating surplus/(deficit) for social letting	959,694	59,707	1,019,401	853,085
	=====	=====	=====	=====
Operating surplus/(deficit) for social letting for previous period of account	790,102	62,983	853,085	
	=====	=====	=====	

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

3b	PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES								
	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/wider role									
Care and repair		-			-	(9,593)		(9,593)	(5,448)
Factoring				23,100	23,100	(23,060)	(186)	(146)	(16,598)
Development activities						(119,013)		(119,013)	(119,287)
Support activities									
Care activities									
Agency/management services for registered social landlords									
Other agency/management services									
Developments and improvements for sale, (including first tranche shared ownership sales) to non registered social landlords									
Stage III Adaptations	31,376				31,376	(31,463)		(87)	-
Other activities				16,458	16,458	(5,836)		10,622	8,729
Total from other activities	31,376	-	-	39,558	70,934	(188,965)	(186)	(118,217)	(132,604)
2010	35,110	15,523	-	28,431	79,064	(211,611)	(57)	(132,604)	

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

4. **Directors Emoluments**

The Directors are defined as the members of the Board. In this note 'director' also includes the Chief Executive and any other person reporting directly to the Chief Executive or directly to the Board whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Board during the year. The Chief Executive and one other received emoluments greater than £60,000.

	2011	2010
Aggregate emoluments payable to Directors (including pension contributions and benefits in kind)	157,914 =====	83,064 =====
Emoluments payable to highest paid Director (excluding pension contributions)	77,197 =====	72,825 =====
Total emoluments (including pension contributions and benefits in kind)	87,847 =====	83,064 =====

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

	No. of Directors	No. of Directors
£60,001 to £70,000	1	-
£70,001 to £80,000	1	1
£80,001 to £90,000	-	-

The Chief Executive is an ordinary member of the Association's pension scheme described in Note 18. No enhanced or special terms apply to membership and she has no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive in the year amounted to £10,650 (2010 – £10,239)

	2011	2010
Total Expenses reimbursed insofar as not chargeable to income tax		
Board of Directors	1,128 =====	1,185 =====

Reimbursement to the Board is only made for expenses directly incurred in connection with performing the Association's business. All expenses incurred are within the designated classes under Schedule 7 of the Housing (Scotland) Act 2001.

for the year ended 31 March 2011

5. Employee Information

The average weekly number of persons employed during the year was:

	2011	2010
Office staff	24	23
Wardens, caretakers and cleaners	1	1
Maintenance	2	2
	-----	-----
	27	26
	=====	=====

	2011	2010
Staff costs (including directors emoluments):-		
Wages and salaries	800,579	756,181
Social security costs	60,519	56,990
Pension costs (Note 18)	121,499	114,086
	-----	-----
	982,597	927,257
	=====	=====

6. Operating Surplus

	2011 £	2010 £
Operating surplus is stated after charging:-		
Depreciation	49,780	48,444
Repairs: cyclical, major, day to day	876,936	846,317
Stage 3: Medical adaptation	31,463	35,110
Operating lease on maintenance store	12,000	12,000
Auditor's remuneration		
- In their capacity as auditors	7,500	7,020
- In respect of other services	646	615
	-----	-----

7. Taxation

The organisation was granted charitable status on 10 June 2010 and as such is no longer subject to UK corporation tax.

	2011 £	2010 £
UK corporation tax	-	68,122
Under/(Over) provision in previous year	(729)	(7,468)
	-----	-----
	(729)	60,654
	=====	=====

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

8. **Tangible Fixed Assets
Housing Properties**

	Property held for letting	Shared ownership properties	Total £
Cost			
At 1 April 2010	57,832,529	2,447,811	60,280,340
Additions	2,232,028	-	2,232,028
Disposals	(89,915)	(13,769)	(103,684)
At 31 March 2011	<u>59,974,642</u>	<u>2,434,042</u>	<u>62,408,684</u>
Other Grants			
At 1 April 2010	2,949,323	-	2,949,323
Additions	280,391	-	280,391
Disposals	-	-	-
At 31 March 2011	<u>3,229,714</u>	<u>-</u>	<u>3,229,714</u>
Depreciation			
At 1 April 2010	-	133,382	133,382
Charge for the year	-	12,496	12,496
Disposals	-	(1,038)	(1,038)
At 31 March 2011	<u>-</u>	<u>144,840</u>	<u>144,840</u>
Net book value at 31 March 2011	<u>56,744,928</u>	<u>2,289,206</u>	<u>59,034,134</u>
Net book value at 31 March 2010	<u>54,883,206</u>	<u>2,314,429</u>	<u>57,197,635</u>

During the year there has been no major repairs capitalised to the existing housing stock.
During the year the Association has capitalised development costs of £105,605 (2010 - £107,228).

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

9. Tangible Fixed Assets Grants	At 1 April 2010 £	Received £	Schemes Completed £	Repaid £	At 31 March 2011 £
Social Housing Grant					
Capital Schemes					
Properties held for letting	37,634,526	120,166	2,137,655		39,892,347
Shared ownership properties	1,885,251			(10,588)	1,874,663
	-----	-----	-----	-----	-----
	39,519,777	120,166	2,137,655	(10,588)	41,767,010
Schemes in course of construction					
Properties held for letting	2,137,655		(2,137,655)		-
Shared ownership properties					
	-----	-----	-----	-----	-----
	2,137,655		(2,137,655)		-
	-----	-----	-----	-----	-----
Total	41,657,432	120,166	-	(10,588)	41,767,010
	=====	=====	=====	=====	=====

10. Tangible Fixed Assets Other Fixed Assets	Heritable Property	Furniture & Fittings	Computer Equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2010	716,118	82,657	201,429	14,075	1,014,279
Additions		1,217	16,149		17,366
Disposals			(17,245)		(17,245)
	-----	-----	-----	-----	-----
At 31 March 2011	716,118	83,874	200,333	14,075	1,014,400
	=====	=====	=====	=====	=====
Depreciation					
At 1 April 2010	151,023	69,443	177,702	10,964	409,132
Charge for the year	14,322	4,484	17,311	1,167	37,284
Disposals			(17,245)		(17,245)
	-----	-----	-----	-----	-----
At 31 March 2011	165,345	73,927	177,768	12,131	429,171
	=====	=====	=====	=====	=====
Net book value					
At 31 March 2011	550,773	9,947	22,565	1,944	585,229
	=====	=====	=====	=====	=====
Net book value					
At 31 March 2010	565,095	13,214	23,727	3,111	605,147
	=====	=====	=====	=====	=====

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

11. Debtors	2011 £	2010 £
Amounts falling due within one year:-		
Rental debtors	92,204	85,149
Other debtors	81,349	86,074
Service equalisation	15,778	12,140
SHG receivable	111,285	-
	-----	-----
	300,616	183,363
	=====	=====
12. Creditors: Amounts falling due within one year	2011 £	2010 £
Housing loans (refer note 13)	389,634	339,525
Corporation tax	-	68,122
Rent in advance	125,888	117,216
Trade creditors	89,230	128,287
Other creditors	185,033	306,745
	-----	-----
	789,785	959,895
	=====	=====
13. Creditors: Amounts falling due after more than one year	2011 £	2010 £
HAG repayable	-	-
Housing loans	14,283,403	11,742,484
	-----	-----
	14,283,403	11,742,484
	=====	=====

Loans are secured by specific charges on the Association's properties and repayable at varying rates of interest between 1.04% and 5.77% (2010 1.04% and 6.82%) in instalments due as follows:-

	2011 £	2010 £
due within one year	389,634	339,525
between one and two years	578,108	349,939
between two and five years	1,797,089	1,348,411
In five years or more	11,908,206	10,044,134
	-----	-----
	14,673,037	12,082,009
	=====	=====

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

14. Share Capital			
		2011	2010
At 1 April 2010		126	123
Shares issued in year		7	5
Shares cancelled during year		(2)	(2)
		-----	-----
At 31 March 2011		131	126
		=====	=====
15. Designated Reserves			
	At 1 April 2010 £	Net Transfer from/(to) Revenue Reserve £	At 31 March 2011 £
Cyclical maintenance reserve	156,000	(156,000)	-
Planned/Major repairs reserve	2,488,729	334,889	2,823,618
	-----	-----	-----
	2,644,729	178,889	2,823,618
	=====	=====	=====
16. Reconciliation of movement in unrestricted reserves			
		2011 £	2010 £
Revenue reserve brought forward		2,117,308	1,879,209
Surplus for the year		335,140	245,632
Transfer to designated reserves		(500,000)	(390,860)
Transfer from designated reserves		321,111	383,327
		-----	-----
Revenue reserve carried forward		2,273,559	2,117,308
		=====	=====
17. Capital Commitments			
		2011 £	2010 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements		-	269,961
		=====	=====

18. Pensions

Wishaw and District Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme').

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

The Scheme offers five benefit structures to employers, namely:

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

Wishaw and District Housing Association has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 01 April 2010 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 01 April 2010.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The 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 Wishaw and District 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 25 active members of the Scheme employed by Wishaw and District Housing Association Limited. Wishaw and District 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 the share of underlying assets and liabilities belonging to individual participating employers as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

Financial assumptions

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:-

2009 Valuation Assumptions

	% pa
- Investment return pre retirement	7.40
- Investment return post retirement – Non-pensioners	4.60
- Investment return post retirement – Pensioners	4.80
- Rate of salary increases	4.50
- Rate of pension increases	
pension accrued pre 6 April 2005	2.90
pension accrues from 6 April 2005	2.20
(for leavers before 1 October 1993 pension increases are 5.00% pa)	
- Rate of price inflation	3.00

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)

	%
Final salary 1/60ths	19.20
Career average revalued earnings 1/60ths	17.10
Career average revalued earnings 1/70ths	14.90
Career average revalued earnings 1/80ths	13.20
Career average revalued earnings 1/120ths	9.40
Additional rate for deficit contributions *	10.40

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

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 buyout 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.

Wishaw and District Housing Association Ltd. Has been notified by the Pensions Trust of the estimated debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As at this date the estimated employer debt for Wishaw and District Housing Association Ltd. was £3,675,508.

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

19. **Legislative Provisions**

The Association is incorporated under the Industrial and Provident Societies Act 1965.

20. Units of accommodation	2011	2010
Houses in management	945	926
Special needs	21	21
Shared ownership	68	68
On site	-	20
Unimproved	-	-
	-----	-----
	1,034	1,035
	=====	=====

21. **Related parties**

Three members of the Board of Directors are also tenants of the Association. All tenancies are on normal commercial terms and their position as a board member cannot be used to their advantage. None of the Board of Directors receives any remuneration.

22. **Revenue Commitments**

The Association has annual commitments under an operating lease expiring as follows:

	2011	2010
	Buildings	Buildings
Within one year	-	-
Between two and five years	12,000	12,000
More than five years	-	-
	-----	-----
	12,000	12,000
	=====	=====

WISHAW AND DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

NOTES TO THE CASH FLOW STATEMENT

23. Gross cash flows

	2011 £	2010 £
Returns on investments and servicing of finance:		
Interest received	4,375	3,786
Interest paid	(538,038)	(438,691)
	<u>(533,663)</u>	<u>(434,905)</u>
Capital expenditure:		
Payments to acquire housing properties	(2,232,038)	(3,461,136)
Receipts from sales of housing properties	73,500	54,486
Other grants received	280,391	50,240
Purchase of other fixed assets	(17,366)	(21,220)
HAG repaid	(10,588)	(30,117)
Net capital grants received	120,166	1,722,304
	<u>(1,785,935)</u>	<u>(1,685,443)</u>
Financing:		
Loans repaid	-	-
Loans received	2,591,028	1,742,155
Issue of ordinary share capital	7	5
Shares cancelled	(2)	(2)
	<u>2,591,033</u>	<u>1,742,158</u>

24. Analysis of changes in net debt

	At 1 April 2010 £	Cash Flows £	At 31 March 2011 £
Cash in bank and in hand	315	(225)	90
Short-term investments	1,125,540	875,825	2,001,365
Debt due within 1 year	(339,525)	(50,109)	(389,634)
Debt due after 1 year	(11,742,484)	(2,540,919)	(14,283,403)
	<u>(10,956,154)</u>	<u>(1,715,428)</u>	<u>(12,671,582)</u>
Total			

25. Contingent Liability

The Association participates in a multi employer pension scheme. Should the Association leave the scheme, the amount of employer debt has been calculated at £3,675,508 as at 30th September 2010.

