



CONTENTS

Contents



On the Campaign Trail, October 1992

2 Objectives

3 Chairman's Report

6 Performance Indicators

Rent Arrears

7 Performance Indicators

Void Houses

8 Performance Indicators

Reactive Maintenance

9 Registered Office and Advisors

10 Directors' Report

12 Auditors' Report

13 Income and Expenditure Account

14 Balance Sheet

15 Cash Flow Statement

16 Financial Activities

17 Notes to the Financial Statements

28 Planet Weslo



OBJECTIVES

The objectives of Weslo Housing Management are to:

- 1. Provide affordable, good quality rented housing suited to the requirements of the community thereby assisting the Local Authorities in meeting the general housing needs of their areas.**
- 2. Exercise local control over the housing stock and enable tenants and employees to have a greater say in policies affecting their housing and environment.**
- 3. Manage, maintain and develop the housing stock and its environment.**
- 4. Use the resources of the Company and other locally based groups to promote the economic development of the area.**
- 5. Improve the management service for tenants and provide further options for improvement of their homes.**
- 6. Give tenants as much choice as possible in the service they receive.**



CHAIRMAN'S REPORT

As I sit in my office writing this introduction, I can hardly believe it is the tenth I have written for Weslo's annual accounts. An anniversary like this is always special so for my introduction this year I want to look back not just over the previous year as I would normally do, but over the past 10 years and pick out some highlights – 10 in fact to maintain the theme! – which have helped to define Weslo and been influential in shaping the organisation we have become. So here goes:



10th Anniversary, 1st March 2004

Tenant satisfaction surveys have been important in measuring the impact of Weslo's services on our tenants. From our earliest positioning survey in 1994 when satisfaction levels were at 77%, we have improved this level to 96% at the last survey.

Firstly I would recall the two refinancings in 1996 and 2002 as they allowed us to consolidate our debt at more preferential interest rates, pay off the deferred debt to Scottish Homes earlier than planned and collectively released around £6 million more than envisaged in the original business plan for spending on our housing stock. I hope our tenants would agree that the money has been spent wisely with almost £10m spent over the past 10 years mainly on new windows, central heating, doors and kitchens.

Certainly, tenant satisfaction surveys have been important in measuring the impact of Weslo's services on our tenants. From our earliest positioning survey in 1994 when satisfaction levels were at 77%, we have improved this level to 96% at the last survey. A further Tenant Satisfaction Survey is planned for next spring to gauge the impact on satisfaction levels of a full 10 years of Weslo policies and procedures, and we look forward to viewing the results.

The Voluntary Improvement Scheme we introduced in 1996 brought newly fitted kitchens to over 1000 houses well before the dates we could have otherwise fitted this type of work into the planned maintenance programme. For an average £3.89 per week added to the rent a tenant could pick the kitchen units and layout of their



CHAIRMAN'S REPORT

choice. The scheme was discontinued in 2003 when the installation of kitchens was integrated into the planned maintenance programme. Since then over 350 kitchens have been fitted and the remaining 500 or so, will be fitted as part of our programme to 2005.

The Bo'ness transfer which completed in December 1997 brought a further 500 houses under the Weslo wing and at a stroke increased our housing stock by 25% and our office staff at a newly opened office in the Town Centre by 3. Since then we have appointed an Estates Manager and dedicated tradesmen to the area, in order to improve the service to our Bo'ness tenants.

Another landmark was the introduction of our Flexible Tenure Scheme to assist homeowners under threat of repossession enabling them to sell their houses to Weslo and remain in the family home as a rent paying tenant. This radical scheme attracted national media attention, assisted 47 homeowners to become tenants, and helped to pave the way for the national Mortgage to Rent Scheme launched by the Executive in 2003.

Weslo has always believed that one of the key ingredients of a successful landlord is a first class repairs service. Since the day we started we've planned for our own workforce to carry out all the reactive repairs to the houses. Now operating in separate premises in Glasgow Road the workforce headed by the Technical Manager and 21 support staff and tradesmen are providing a sharp end service which, since the full service got up and running in 1996, has completed nearly 46,000 individual jobs, an astonishing 99% of which within the agreed response time.

Elsewhere, in our main office in Bathgate we have created a further 6 jobs in Administration, Housing Management and Finance and the influx of new people from different organisations has added to the collective wealth of experience available to us.



10th Anniversary, 1st March 2004

Retired Housing Officer, Betty Paterson and husband

To work closely with the local authority was always a goal of Weslo's and a successful example of this was our involvement with West Lothian Council in the Empty Homes Initiative, purchasing and subsequently renting vacant houses which had been on the open market for more than 6 months. In this manner Weslo bought 77 houses in the four years of the scheme existing at a total cost of £2.34 million using grant from the Council totalling approximately £1 million.

Another successful partnership with the Council, and the developer Miller Homes, saw Weslo introduce 298 brand new homes to the social rented sector in Bathgate, Whitburn, Broxburn, Polbeth and Livingston, under the Executive's New Housing Partnership Programme. Costing some £30 million this project was an excellent example of a public/private partnership initiative to meet the growing demand for housing in the area. Four years on, these developments are maturing nicely and demand for vacancies continues to be high.

Looking back also to Weslo's business performance, it gives me enormous satisfaction to review our performance standards. Since integrating the Bo'ness performance in 1999 our average arrears and rent loss on voids stand at 2.60% and 0.60% respectively, of rent receivable –



CHAIRMAN'S REPORT

exemplary figures both – while 99.8% of our jobbing repairs have been carried out on time. This years indicators are presented in greater detail elsewhere in these accounts, but considered overall, they represent a massive improvement in both business performance and service to our tenants from that in place when Weslo took over.

Well, that's 10 of the best in my opinion, and all made possible by the successful transfer of Scottish Homes houses to Weslo in 1994 and 1997.

Stock transfers have been much criticised generally by people forecasting doom and gloom – rent rises, drops in standards of service, privatisation etc. All of this was directed at Weslo by critics in 1994 and I take great satisfaction in the company having met – exceeded in many cases – its guarantees to tenants. In fact if you look closely, it is difficult to cite an example of a stock transfer vehicle proving these critics right! They seem to argue about what they say will happen in the future without taking proper notice of what has actually happened in the past. As the criticism continues over the Glasgow transfer – surely it is too early to judge the largest ever stock transfer – and the Edinburgh transfer – which hasn't even got to ballot stage yet – critics of stock transfer in the housing world would do well, I believe, to remember this and consider the facts before reaching conclusions.

In considering the positive factors in Weslo's operation, I should also mention the continuing saga of our inability at present to register as a social landlord with Communities Scotland. The 2001 Housing Act was designed to provide regulation and monitoring to all social landlords and tenants in Scotland. Weslo is undoubtedly in origin and action and by any definition, a social landlord. Unfortunately, Communities Scotland has refused to register Weslo at present because we, in common with accepted practice in company structure, have senior staff on our Board. We're working towards resolving this position.

I should also like to mention another highlight for me, which was the reception held on 1 March when over a hundred of our colleagues and friends in the housing world were entertained to a marvellous theatre piece called "Planet Weslo – A lesson in Social Housing" written by Raymond Ross and performed by the West Lothian Youth Theatre. Judging by the feedback we received from those present, it truly was a fitting end to our 10th year.



Happy Staff, 10th Anniversary, 1st March 2004

Finally I close by thanking our staff – each and every one – for their efforts this year. I've said before and don't apologise for repeating it, that without the skilled, talented and motivated workforce we have then we'd be just another Landlord! My thanks to them for making my time as Chairman a pleasure.

Robert Lee
Chairman



RENT ARREARS PERFORMANCE 2003/04

Our objective

→ **To maximise benefit take-up and minimise rent arrears.**

The arrears figure of £131,436 is net of outstanding Housing Benefit due at 29 February from Falkirk and West Lothian Councils. This represents a reduction in last years figure of 9.7%.

Weslo continues to strive towards controlling and reducing arrears wherever possible, helping to keep tenants on track and to achieve maximum levels of rental income.



Introduction of our Mutual Exchange Display, May 2000

Total rent receivable 2003/04	£5,576,398
Current tenant rent arrear at 29 February 2004	£131,436
Arrears as a % of rental income	2.36%





VOID HOUSES PERFORMANCE 2003/04

Our objective

→ To offer houses for re-let as quickly as possible, and so minimise rent loss and waiting time.

This year, 213 houses were re-let (9.5% turnover) incurring a total rent loss for the year of £32,990.

Few organisations in Scotland can match our record on voids rent loss. This year's sum accounts for only 0.59% of rent receivable.



Refurbished flats, Whitburn 1998

Total rent receivable	£5,576,398
Total rent loss on voids	£32,990
Rent loss as a % of rent receivable	0.59%





REACTIVE MAINTENANCE PERFORMANCE 2003/04



Early days – Maintenance Depot, 1995

Our Objective

→ To provide a safe, speedy repairs service for all tenants.

Performance Indicators

In 2003/04, a total of 8960 reactive maintenance jobs were carried out to our houses. 87% were carried out by our own maintenance team, with the remainder e.g. fencing, landscaping, glazing etc., carried out by local contractors. Performance on repairs continues to be exemplary. All our own maintenance team repairs were dealt with inside the target time and overall, our maintenance team and local contractors successfully completed 99.94% of all repairs on time.

Repairs Category	No. Completed	No. Completed in Target Time	%
Emergency (2 hours)	290	290	100
Priority (1 working day)*	1525	1525	100
Gas Repairs (3 working days)	764	764	100
Urgent (3 working days)	1213	1213	100
Electrical (5 working days)	973	973	100
Plumbing (10 working days)	893	893	100
Joinery/Building (20 working days)	2143	2143	100
External Contractors	1159	1154	99.57
TOTAL	8960	8955	99.94%



REGISTERED OFFICE AND ADVISORS

Registered Number – 140597

Scottish Charity Number: SC021100

Registered office

66 North Bridge Street

Bathgate

West Lothian

EH48 4PP

Names and addresses of advisors

Auditors

PricewaterhouseCoopers LLP
Kintyre House
209 West George Street
Glasgow
G2 2LW

Bankers

Bank of Scotland
Level 8
123 St. Vincent Street
Glasgow
G2 5EA

Solicitors

Henderson Boyd Jackson W.S.
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH



IT Training, 1999



DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the company for the year ended 29 February 2004.



Management Team with Funding Advisors, 1993

Principal activities and review of business

Weslo Housing Management is a company limited by guarantee and is governed by its Memorandum and Articles of Association. Accordingly the company does not have share capital. It is a registered charity and its principal activity is the provision of rented housing accommodation to tenants.

Results

The results taken for the year are set out in the income and expenditure account on page 13. The surplus for the year of £336,627 (2003 – £577,826,) has been taken to reserves.

The surplus for the year before deducting depreciation is £1,353,165 (2003 – £1,568,400). The charge for depreciation for the year ended 29 February 2004 is £1,016,538 (2003 – £990,574).

Directors

The directors who held office during the period were:

MA Bruce	Employee
MS Crozier	Employee
DW Drummond	Employee
R Lee	Employee
PWG Robson	Community Representative
K Dalyell	Community Representative <i>(Resigned 25.6.03)</i>
J Constable	Falkirk Council Representative <i>(Resigned 6.8.03)</i>
H Smart	West Lothian Council Representative <i>(Resigned 6.5.03)</i>
G Mulligan	Tenant Representative
E Johnstone	Tenant Representative
A Illidge	Tenant Representative
H Owens	West Lothian Council Representative <i>(appointed 11.6.03)</i>
A Sneddon	Tenant Representative <i>(appointed 25.6.03)</i>
A Graham	Falkirk Council Representative <i>(appointed 6.8.03)</i>
J Spraggon	Community Representative <i>(appointed 29.10.03)</i>

The Memorandum and Articles of Association contain the rules covering the appointment and removal of directors.

Insurance

The company has purchased insurance, against liabilities in relation to the company, arising from the actions of all directors and other officers of the company.

Assets

The directors confirm that the charity's assets are available and adequate to fulfil the obligations of the charity.

DIRECTORS' REPORT

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are 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;**
- **prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Weslo Housing Management website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions and from which the information can be accessed.

Risk management

The directors have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the business, and are satisfied that systems are in place to mitigate the company's exposure to the major risks.

Taxation status

The company has charitable status and as a result it is not liable to Corporation Tax.

Creditor payment policy


The company's policy with regard to the payment of suppliers is to:

- **agree the terms of payment at the start of business with that supplier;**
- **ensure that the suppliers are made aware of the terms of the payment;**
- **pay in accordance with its contractual and legal obligations.**

During the year to 29 February 2004 the company took an average of 17 days to settle its bills with suppliers.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution regarding their reappointment will be proposed at the next Annual General Meeting.



BY ORDER OF THE BOARD

Henderson Boyd Jackson W.S.

Exchange Tower

19 Canning Street

Edinburgh EH3 8EH

23 June 2004



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WESLO HOUSING MANAGEMENT

We have audited the financial statements which comprise the income and expenditure account, the balance sheet, the cash flow statement and the statement of financial activities and the related notes which have been prepared in accordance with the accounting policies set out in the accounting policies note.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company 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 directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 29 February 2004 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow

23 June 2004

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 29 FEBRUARY 2004

	Notes	2004	2003
Turnover	2	£5,870,124	£5,880,215
Operating costs excluding depreciation	7	<u>(2,850,303)</u>	<u>(2,607,635)</u>
Operating surplus before depreciation		3,019,821	3,272,580
Depreciation		<u>(1,016,252)</u>	<u>(990,574)</u>
Operating surplus after depreciation		2,003,569	2,282,006
Interest receivable and similar income	3	352,285	335,870
Interest payable and similar charges	4	<u>(2,019,835)</u>	<u>(2,040,050)</u>
Surplus/(deficit) on ordinary activities after depreciation and before and after taxation	5	336,019	577,826
Unrestricted funds brought forward		<u>(494,816)</u>	<u>(1,072,642)</u>
Unrestricted funds carried forward		<u>(158,797)</u>	<u>(494,816)</u>

All income and expenditure arose from continuing operations.

All gains and losses have been recognised in the Income and Expenditure account.



Housing Officers, 1993



BALANCE SHEET AT 29 FEBRUARY 2004

	Notes	2004	2003
Fixed assets			
Tangible assets	10	£32,189,046	£32,356,260
Current assets			
Stock – Consumables		34,165	41,651
Debtors	11	401,736	348,905
Cash at bank and in hand		2,328,555	2,029,583
		2,764,456	2,420,139
Creditors			
(amounts falling due within one year)	12	(1,107,079)	(799,583)
Net current (liabilities)/assets			
		1,657,377	1,620,556
Total assets less current liabilities			
		33,846,423	33,976,816
Creditors			
(amounts falling due after more than one year)	13	(31,686,713)	(32,153,125)
Net assets			
		2,159,710	1,823,691
Capital and reserves			
Revaluation reserve	14	2,318,507	2,318,507
Unrestricted funds	15	(158,797)	(494,816)
		2,159,710	1,823,691

The financial statements on pages 13 to 27 were approved by the board of Directors on 23 June 2004 and were signed on its behalf by:

Douglas W Drummond

D W Drummond
Director



IT Training March, 2002

CASH FLOW STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2004

	2004	2003
Net cash inflow from operating activities (Note 18)	£2,781,405	£2,951,279
Returns on investment and servicing of finance		
Interest received	74,962	58,625
Interest paid	(2,008,976)	(2,040,391)
Net cash outflow from returns on investment and servicing of finance	(1,934,014)	(1,981,766)
Investing activities		
Acquisition of housing properties	(868,691)	(887,577)
Proceeds from sale of housing properties net of legal fees	569,758	955,454
Purchase of other tangible fixed assets	(93,201)	(117,102)
Net cash outflow from investing activities	(392,134)	(49,225)
Net cash outflow before financing	455,257	920,288
Financing		
Receipt of bank loan	36,021	148,344
Repayment of bank loan	192,306	(187,167)
Net cash inflow from financing (note 21)	(156,285)	(38,823)
(Decrease)/increase in cash and cash equivalents (note 19)	298,972	881,465



STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 29 FEBRUARY 2004

	Unrestricted Funds 2004	Unrestricted Funds 2003
Incoming resources		
Rental Income	5,572,866	5,493,430
Sale of Housing Properties	215,371	309,694
Owners Recoveries	81,887	77,092
Interest Receivable	74,962	58,625
Other Income	277,323	277,246
	<hr/>	<hr/>
Total Incoming Resources	6,222,409	6,216,087
	<hr/>	<hr/>
Resources expended		
Direct charitable expenditure		
Maintenance Works	1,266,909	1,055,424
Management Services	1,330,364	1,297,845
Interest Payable	2,019,835	2,040,050
Depreciation	1,016,252	990,574
	<hr/>	<hr/>
Total Direct Charitable Expenditure	5,633,359	5,383,893
	<hr/>	<hr/>
Other expenditure		
Administration Costs	253,031	254,368
	<hr/>	<hr/>
Total Other Expenditure	253,031	254,368
	<hr/>	<hr/>
Total Resources Expended	5,886,390	5,638,261
	<hr/>	<hr/>
Net Incoming Resources	336,019	577,826
	<hr/>	<hr/>
BALANCE AT 1.3.2003	(494,816)	(1,072,642)
	<hr/>	<hr/>
FUND BALANCES AT 29.2.2004	(158,797)	(494,816)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS 29 FEBRUARY 2004

1 Accounting policies

(1) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, in accordance with applicable accounting standards and, where applicable, the Statement of Recommended Practice on Accounting by Charities (SORP). Although Weslo Housing Management is not a registered housing association, the financial statements have, where appropriate, been prepared with reference to the Statement of Recommended Practice on Accounting by Registered Housing Associations.

(2) Turnover

Turnover represents rental income and profit/loss on sales of houses. Sales of houses are recognised on the date of completion.

(3) Tangible fixed assets and depreciation

Tangible fixed assets, with the exception of housing properties, are stated at cost less depreciation. Housing properties are stated at directors' valuation. The directors have adopted the transitional arrangements permitted by FRS15; effectively this freezes the values of properties at their present amounts. Tangible fixed assets are depreciated to write off the cost of assets over their estimated useful lives. Assets under a value of £250 are charged to revenue. The depreciation bases for the major classes of assets are as follows:

Housing properties	-	2% straight line
Buildings	-	2% straight line
Furniture & equipment	-	25% straight line
Motor vehicles	-	25% straight line
Leasehold improvements	-	25% straight line
IT Systems	-	25% straight line

The company carries out an annual desktop impairment review with an independent external valuation carried out every 5 years. These valuations have not in any way shown the company's assets to be impaired.

(4) Repairs and maintenance

Costs for planned and reactive maintenance are charged to the income and expenditure account as they are incurred. Costs for property improvements are included in the costs of fixed assets and depreciated according to the depreciation policy.

(5) Pension costs

Pension contributions are charged to the income and expenditure account on a systematic basis so as to spread the cost of pensions over the estimated remaining working lives of employees and directors.

(6) Leases

Assets held under operating leases are not capitalised. The attributable lease rentals are expensed to the income and expenditure account in the period in which they are incurred.

(7) Finance costs

Interest is charged as incurred.

(8) Stock

Stocks are stated at the lower of cost and net realisable value. This represents building materials used in the normal course of business to maintain and repair the Company's housing stock.

(9) Grants

The company has received grants from West Lothian Council. These are amortised over the life of the asset which is 25 years.

(10) Management and Administration Costs

Management and Administration costs are those incurred in the administration of Weslo and complies with constitutional and statutory requirements.



NOTES TO THE FINANCIAL STATEMENTS 29 FEBRUARY 2004

2 Turnover

	2004	2003
Rents	5,617,793	5,544,261
Less: Rent losses from voids	(44,927)	(50,831)
	<hr/> 5,572,866	<hr/> 5,493,430
Gain on sale of housing properties	215,371	309,694
Owners recoveries	81,887	77,091
	<hr/> £5,870,124	<hr/> £5,880,215

3 Interest receivable and other income

	2004	2003
Consultancy income	7,517	11,455
Other income	28,273	26,158
Bank interest	74,962	58,625
Grants released/received	241,533	239,632
	<hr/> £352,285	<hr/> £335,870

4 Interest payable and similar charges

	2004	2003
Long term bank loans payable in more than 5 years in instalments	<hr/> 2,019,835	<hr/> 2,040,050



New Windows

NOTES TO THE FINANCIAL STATEMENTS 29 FEBRUARY 2004



Maintenance Depot, April 1995

5 Surplus on ordinary activities before and after taxation

	2004	2003
	£	£
This is stated after charging the following:		
Auditors' remuneration – audit services	14,028	15,566
Depreciation	1,016,252	990,574
Other operating lease rentals – Land & Buildings	56,830	56,418
– Plant & Equipment	46,789	43,397
Reactive maintenance on housing properties	593,763	605,126
Planned maintenance on housing properties	383,899	108,157

6 Staff costs

	2004	2003
Wages and salaries	1,181,986	1,140,294
Social security costs	90,683	78,419
Other pension costs	173,607	158,376
	£1,446,276	£1,377,089
Payments made to third parties for the provision of staff	825	23,101

The average number of persons employed during the year by the company was 53 (2003 – 52)



NOTES TO THE FINANCIAL STATEMENTS 29 FEBRUARY 2004

7 Operating costs analysis

	2004	2003
Management & Administration Costs		
- Staff Costs	1,079,492	1,036,169
- Office Running Costs	137,493	135,292
- Transport Costs	57,599	52,288
- Services	169,871	204,519
- Other Overhead Costs	111,562	97,889
- Maintenance Costs	1,294,286	1,081,479
	2,850,303	2,607,636

8 Directors' emoluments

	2004	2003
Remuneration for management services	£214,731	£208,948
Highest paid director excluding pension contributions	£64,867	£65,118

Retirement benefits are accruing to 4 (2003 – 4) directors under the Lothian Pension Fund (refer note 22).

At the date of the accounts Lothian Pension Fund was unable to provide details of the accrued pension or the accrued lump sum of the highest paid director.

9 Taxation

The company is not liable to corporation tax on its income.



New Housing Partnership, Broxburn 1996

NOTES TO THE FINANCIAL STATEMENTS 29 FEBRUARY 2004



New Housing Partnership, 1996

10 Tangible fixed assets

	Housing for Letting	Housing under construction	Total Housing Properties	Furniture and Equipment	I T systems	Motor Vehicles	Short leasehold buildings	TOTAL
Cost/Valuation								
At 1 March 2003	41,600,598	0	41,600,598	118,369	284,976	200,305	295,220	42,499,468
Additions	898,476	0	898,476	1,334	48,935	41,487	1,445	991,677
Assets under construction	0	17,747	17,747	0	0	0	0	17,747
Disposal	(401,112)	0	(401,112)	0	0	0	0	(401,112)
Schemes Completed	17,747	(17,747)	0	0	0	0	0	0
At 29 February 2004	42,115,709	0	42,115,709	119,703	333,911	241,792	296,665	43,107,780
Of Which								
Cost	22,548,010	-	22,548,010	119,703	333,911	241,792	296,665	23,540,081
Valuation at 28.2.1998	19,567,699	0	19,567,699	0	0	0	0	19,567,699
	42,115,709	0	42,115,709	119,703	333,911	241,792	296,665	43,107,780
Grants								
At start of year	6,536,852	0	6,536,852	0	0	0	0	6,536,852
Additions	47,531	0	47,531	0	0	0	0	47,531
Amortisation	(241,533)	0	(241,533)	0	0	0	0	(241,533)
Schemes Completed	0	0	0	0	0	0	0	0
	6,342,850	0	6,342,850	0	0	0	0	6,342,850
Depreciation								
At 1 March 2003	3,028,931	0	3,028,931	67,142	186,215	168,853	155,215	3,606,356
Charge for year	866,374	0	866,374	21,239	44,682	26,517	57,440	1,016,252
Disposals	(46,724)	0	(46,724)	0	0	0	0	(46,724)
At 29 February 2004	3,848,581	0	3,848,581	88,381	230,897	195,370	212,655	4,575,883
Net Book Amount								
At 29 February 2004	31,924,278	0	31,924,278	31,322	103,014	46,422	84,010	32,189,046
At 28 February 2003	32,034,815	0	32,034,815	51,227	98,761	31,452	140,005	32,356,260



NOTES TO THE FINANCIAL STATEMENTS 29 FEBRUARY 2004

11 Debtors

	2004	2003
Rental debtors	275,788	274,411
Other debtors	124,336	70,395
Prepayments and accrued income	1,612	4,099
	£401,736	£348,905

12 Creditors

(amounts falling due within one year)

	2004	2003
Bank loans (note 12)	511,524	198,064
Trade creditors	134,650	123,958
Rent advances	172,293	172,056
Taxation and Social Security	60,192	54,049
Accruals & deferred income	89,301	123,196
Loan interest payable	139,119	128,260
	£1,107,079	£799,583

13 Creditors

(amounts falling due after more than one year)

	2004	2003
Bank loans	31,710,046	32,179,792
Less : Issue Costs	(23,333)	(26,667)
	£31,686,713	£32,153,125



Refurbishment, Whitburn 1998

NOTES TO THE FINANCIAL STATEMENTS 29 FEBRUARY 2004

The purpose of bank loans is to fund the acquisitions of both Scottish Homes houses and other properties bought on the open market along with funding upgrading works to existing properties. The loans are repayable over 10, 15, 25 and 30 years.

During the year additional borrowings of £0.036m helped fund the acquisition of properties bought on the open market. Repayment of this loan is over 25 years.

Analysis of maturity of bank loans:

	2004	2003
Within one year (note 11)	511,524	198,064
Between one and two years	536,878	511,305
Between two and five years	2,262,658	1,932,839
In five years or more	28,910,510	29,735,648
	£32,221,570	£32,377,856

The bank loans are secured by way of a first bond and floating charge over the property of the company and Keyman Insurance of the lives of the directors.

The bank loans can be analysed as follows:

At 1 Mar. 2003	Advanced (repaid) during the year	At 29 Feb. 2004	Purpose	Maturity Date
127,500	(30,000)	97,500	Upgrading of Kitchens	2007
143,750	(25,000)	118,750	Upgrading of Kitchens	2008
175,000	(25,000)	150,000	Upgrading Kitchens	2009
6,635,191	(72,306)	6,562,885	Building 298 properties in West Lothian	2031
77,500	(10,000)	67,500	Upgrading Kitchens	2010
123,750	(15,000)	108,750	Upgrading Kitchens	2012
135,000	(15,000)	120,000	Upgrading Kitchens	2012
345,165	36,020	381,185	Purchase of Properties on Open Market	2027
24,615,000	-	24,615,000	Refinancing of Existing Facilities	2027
32,377,856	(156,286)	32,221,570		



NOTES TO THE FINANCIAL STATEMENTS 29 FEBRUARY 2004

14 Revaluation reserve

At 1 March 2003	2,318,507
Surplus on revaluation of housing properties (note 10)	-
	<hr/>
At 29 February 2004	2,318,507

15 Unrestricted funds

The unrestricted funds are to be used for maintenance and improvement of the houses in accordance with the planned programme.

At 1 March 2003	(494,816)
Surplus for year	336,019
	<hr/>
At 29 February 2004	(158,797)

16 Contingent liabilities and commitments

On 1 March 1994, the company entered into an agreement with Scottish Homes for the acquisition of 1,822 tenanted dwelling houses. The agreement sets out the number of properties which the company anticipates selling on to tenants with right to buy status in each of the ten years from 1 March 1994. The terms of the agreement specify that, should the cumulative number of properties sold over either of two consecutive five year periods from 1 March 1994 and 1 March 1999 exceed the anticipated levels set out in the agreement, the company will share equally, with Scottish Homes, any gains made on the disposal of the properties in excess of the cumulative number specified in the agreement for each of these five year periods. During the second five year period a total of 10 excess RTB sales were made resulting in a payment of £18,464 being made to Scottish Homes successor Communities Scotland. This now brings to an end all liabilities in respect of this agreement.

The company entered into another agreement with Scottish Homes on 15 December 1997 to acquire a further 489 houses. In this agreement any proceeds arising from excess sales are split between the two parties by a methodology specified within the agreement. This applies for six consecutive five year periods.

The first agreement also stipulates that the company should incur a certain minimum level of maintenance expenditure over a 5 to 10 year period and that any shortfall is payable to Scottish Homes. The second agreement also requires the company to incur a certain minimum level of maintenance expenditure over a 30 year period with any shortfall payable to Scottish Homes. To date all expenditure targets have been met or exceeded.

At present the directors do not believe that any further liability to Communities Scotland will arise in respect of the above.

NOTES TO THE FINANCIAL STATEMENTS 29 FEBRUARY 2004



Tenant Directors, 1995

17 Lease obligations

The company is committed to make the following payments during the following year in relation to operating leases which expire:

	2004		2003	
	Land and buildings	Other operating leases	Land and buildings	Other operating leases
Within one year	-	29,071	-	35,178
Between one and five years	-	38,188	-	44,504
After five years	56,820	0	56,820	-
	56,820	67,259	56,820	79,682

18 Reconciliation of operating surplus to net cash inflow from operating activities

	2004	2003
Operating surplus	2,003,569	2,282,006
Other income	35,790	37,613
Depreciation charge	1,016,252	990,574
Gain on sale of tangible fixed assets	(215,371)	(309,694)
(Increase) / Decrease in debtors	(52,831)	21,651
(Decrease) in creditors	(16,823)	(57,291)
Decrease / (Increase) in stock	7,486	(16,913)
Amortisation of finance cost	3,333	3,333
Net cash inflow from operating activities	£2,781,405	£2,951,279



NOTES TO THE FINANCIAL STATEMENTS 29 FEBRUARY 2004

19 Analysis of changes in cash and cash equivalents

	2004	2003
Balance at 1 March	2,029,583	1,148,118
Net cash inflow/(outflow)	298,972	881,465
Balance at 29 February	£2,328,555	£2,029,583

20 Analysis of balances of cash and cash equivalents as shown in the balance sheet

	2004	2004 Change	2003	2003 Change	2002
Cash at bank and in hand	2,328,555	298,972	2,029,583	881,465	1,148,118

21 Analysis of changes in financing during the year

	2004 Loans	2003 Loans
Balance at 1 March	32,377,856	32,416,679
Net cash (outflow)/inflow from financing	(156,286)	(38,823)
Balance at 29 February	£32,221,570	£32,377,856



Temporary Business Office, 1997

NOTES TO THE FINANCIAL STATEMENTS 29 FEBRUARY 2004

22 Pensions

The company is a member of the Lothian Pension Fund which is a defined benefit pension scheme providing benefits to participating employees based on final pensionable salary. Contributions to the fund are determined by the scheme's actuary using the projected unit method and are charged to the income and expenditure account so as to spread the cost of pensions over the expected remaining service lives of the employees and directors.

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme hence the contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme of the year.

The fund is actuarially valued by a qualified actuary on a triennial basis with the most recent valuation being at 31 March 2002. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rates of increase in salaries and pensions and dividend growth. It was assumed that salary increases would average 4.1% per annum, that present and future pensions would increase at the rate of 2.6% per annum. At valuation date the market value of the scheme was £1,793 million and the value of the past services liabilities was £1,867 million leaving a deficit of assets of £74 million. The assets therefore were sufficient to cover 96% of the benefits which had accrued to members after allowing for expected future increases in earnings. The actuary recommended future employer contributions for the year to 31 March 2004 of 16.6% of total pensionable pay,



Away Day, Torphichen 2000

with contributions to be increased to 17.5% and 18.4% respectively for years to 31 March 2005 and 2006. Employees' contributions are 6% for clerical staff and 5% for building operatives of total pensionable pay.

Surpluses or deficits which arise at future valuations may impact on the institutions future contribution commitment. The next formal actuarial valuation is due at 31 March 2005.

The total pension cost for the company was £173,607 (2003 £146,224). This includes £20,347 (2003 £13,347) outstanding contributions at the balance sheet date. The contribution rate payable by the company was 17.1% of pensionable salary.

23 Capital

The company has no share capital as it is a company limited by guarantee. At 29 February 2004 the company had twelve members, each guaranteeing a maximum of £1 in the event of a winding up.

24 Related parties

During the year four tenants of the company acted as directors. In total they paid rent of £9,121 which is considered to be at arm's length and reflect current market rates.



Planet **Weslo**

– a lesson in social housing



A commissioned piece performed by West Lothian Theatre Group, as part of Weslo's 10 year Anniversary celebrations at the Howden Park Centre, Livingston, on 1st March 2004.