



Alexander Sloan
Accountants and Business Advisers

Glasgow West Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2017

Registered Housing Association No. HEP126

FCA Reference No. 1955R(S)

Scottish Charity No. SCO01667

GLASGOW WEST HOUSING ASSOCIATION LIMITED

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GLASGOW WEST HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2017

MANAGEMENT COMMITTEE

| | |
|----------------------|---|
| Yushin Toda | Chairperson |
| Steve Jenkins | Vice Chairperson |
| James Michael | Secretary |
| Joginder Makar | Treasurer |
| Moira Wadsworth | |
| Hanif Mirza | |
| Margaret Semple | |
| Scott McMahan | Elected 27/6/16, Resigned 30/3/17 |
| Anna Bliortu | Elected 27/6/16, Resigned 28/3/17 |
| Susan Mosedale | Casual Member |
| Carol Anne Chambers | Co-optee, Appointed 27/6/16, Resigned 24/1/17 |
| George Fraser | Resigned 21 June 2016 |
| Bob Hay | Resigned 21 June 2016 |
| Catherine McCutcheon | Resigned 21 June 2016 |

EXECUTIVE OFFICERS

| | |
|----------------|-----------------------|
| Linda Reid | Chief Executive |
| Elaine Travers | Services Director |
| Anne Allan | Corporate Director |
| Ruth Brogan | New Business Director |

REGISTERED OFFICE

5 Royal Crescent
Glasgow
G3 7SL

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL AUDITORS

Quinn Internal Audit Services Ltd
55 Lady Place
Livingston
West Lothian
EH54 6TB

BANKERS

Clydesdale Bank
326 Byres Road
Glasgow
G12 8AN

SOLICITORS

T C Young
7 West George Street
Glasgow
G2 1BA

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2017.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1955R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO01667.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

Members of the Management Committee are satisfied with the continued steady performance and state of affairs. Performance for the year was consistent with forecasts. The surplus for the year will be held in reserves to fund the Major Repairs programme. Net current assets now stand at £20.3m.

Progression towards our 2020 Vision continues at an appropriate pace; embedding the stock transfers from Glasgow Housing Association and making significant investment in our stock.

Last year, there were challenges in delivering SHQS^[1], the minimum property standard set by the Scottish Government for all social housing and the GWHQS^[2], which enhances the SHQS. This year, having invested £1.07m in tenemental stonework, fabric repairs, renewing windows, lifts and bin chutes; and in adapting homes to assist our residents with independent living, 80% SHQS compliance was achieved. With the benefit of our rolling programme of stock condition surveys and energy performance assessments, and learning from the phase 1 stonework programme, we are now in the position to confidently develop the next phases of our investment programme to ensure compliance with the SHQS and the Energy Efficiency Standard for Social Housing (ESSH) by 2020. With procurement activity expected to exceed £20m in 2017/18, in accordance with the Procurement Reform (Scotland) Act 2014, a Procurement Strategy was published and submitted to the Scottish Government in December 2016.

In our core service areas of void loss, re-let times and gross rent arrears, our performance is in the top quartile of RSLs in Scotland and we have ambitious plans to be a Top-5 Performer in 2017/18. This impressive performance, particularly in rent collection, is especially welcome in the context of Welfare Reform, where GWHA's dedicated Tenancy Sustainment Team are endeavouring to mitigate the impact of further reforms through wider support and preventative measures.

In partnership with GCC, we have recently acquired most of the vacant land at Dover St/ Breadalbane St, with the final transfer of land due in 2017 and the potential for a site start in 2018, subject to further independent financial appraisal. The proposed new build project at Corunna Street has been set aside, subject to independent annual review of the site conditions. In partnership with Queens Cross Housing Association we are working with GCC to acquire Burnbank House to develop innovative housing for the elderly.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Review of Business and Future Developments (Contd.)

Other successes in enhancing services this year, include: the launch of the Good Neighbour Agreement; improved recycling of furniture in empty properties; environmental improvements at “the wee square” and improved refuse disposal arrangements. We secured the CIH Income Management Chartermark; forged a Careers Ready Partnership with Hillhead High School; delivered a targeted energy advice partnership with Glasgow City Council and G-Heat; delivered a Community Resilience Heartstart Programme in partnership with the Scottish Ambulance service and welcomed 19 householders to our first Homeowners Conference. We have also been working closely with our Keith Court residents to mitigate the impact of unforeseen cuts in SWS^[3] budgets and we plan to visit all GW residents aged over 75, as we build on our partnership with the Good Morning Service and with Community Connectors.

We have confirmed our commitments towards a 24/7 service through consolidating our out of hours emergency telephone contact point through our concierge team, electronic access to rent accounts and to factoring accounts. In partnership, with GCC and other local housing associations, there has been significant progress towards a common housing register; with on-line applications for housing, through the Glasgow Housing Register (North West Pilot), from April 2017.

Prudent management and sound fiscal planning have ensured continued strong financial performance. We successfully delivered full compliance with the new statutory accounting framework for our accounts, at last year’s AGM. Through our efficiency strategy, we are constantly improving how we capture our culture of continuous improvement, value and efficiency, which drives our operations and service delivery. This includes initiatives to reduce the time properties are empty between lets, ensure rents remain affordable, achieve best value and added value (including work experience and apprenticeship opportunities, and investment in community spaces) from investment in our housing assets and the elimination of duplication and waste at all levels in the organisation. Following feedback from tenants regarding rent increases, this year’s increase was contained at 2.5%, this included a small margin for introducing new initiatives, including a Save with Rent Scheme and securing membership of “Our Power”. We welcomed feedback from the SHR’s thematic inquiry on Complaints Handling in Scotland, in particular the Regulator’s recognition of *our very positive culture: an organisation open to listening and learning from complaints.*

Another challenging and successful year is attributed to ongoing stakeholder engagement, the broad range of skills and experience of Committee members and the well-led, highly competent and service driven staff. We are optimistic that participants in our most recent Committee Training Forum, will join the Management Committee over this and next year to ensure a smooth transition in our succession planning. This is a sound platform for delivering GWhA’s vision and mission through sustainable corporate strategies supporting and delivering Service Enhancement, Robust Governance and Optimum Performance.

^[1] Scottish Housing Quality Standard

^[2] Glasgow West Housing Quality Standard

^[3] Social Work Services

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Association will continue in business;
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The members of the Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Statement on Internal Financial Control

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

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

It is the Management Committee'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 of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2017. No weaknesses were found in the 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.

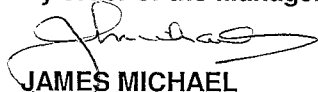
Donations

During the year the Association made charitable donations amounting to £550 (2016 - £560).

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee



JAMES MICHAEL

Secretary

20 June 2017

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF GLASGOW WEST HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

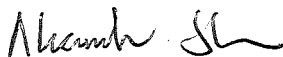
Basis of Opinion

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

Opinion

In our opinion, the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator, in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
20 June 2017



Alexander Sloan
Accountants and Business Advisers



We have audited the financial statements of Glasgow West Housing Association Limited for the year ended 31st March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standards of the United Kingdom

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, is responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC) Ethical Standards for Auditors.

Scope of the audit on 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 Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2017 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 properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GLASGOW WEST HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception (contd.)

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
20 June 2017



Alexander Sloan
Accountants and Business Advisers

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

| | Notes | 2017 | | 2016 |
|---|-------|-----------------|--------------------|--------------------|
| | | £ | £ | £ |
| REVENUE | 2. | | 7,180,367 | 7,042,846 |
| Operating Costs | 2. | | <u>(5,691,460)</u> | <u>(5,204,422)</u> |
| OPERATING SURPLUS | 9. | | 1,488,907 | 1,838,424 |
| Gain On Sale Of Housing Stock | 7. | 328,934 | | 24,348 |
| Exceptional Item | 23 | 139,085 | | - |
| Defined Benefit Pension Scheme - Other Finance Loss | 25 | (9,000) | | (15,000) |
| Interest Receivable and Other Income | | 206,877 | | 194,124 |
| Interest Payable and Similar Charges | 8. | (35,672) | | (41,009) |
| Other Finance Charges | 10. | <u>(50,639)</u> | | <u>(55,370)</u> |
| | | | 579,585 | 107,093 |
| SURPLUS FOR YEAR | | | 2,068,492 | 1,945,517 |
| Other Comprehensive (Expenditure)/Income | 25 | | <u>(338,000)</u> | <u>241,000</u> |
| TOTAL COMPREHENSIVE INCOME | | | 1,730,492 | 2,186,517 |

All amounts relate to continuing operations.

The notes on pages 13 to 30 form part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

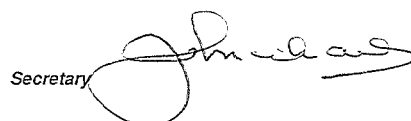
STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

| | Notes | 2017 | | 2016 | |
|--|--------|-------------------|---------------------|-------------------|---------------------|
| | | £ | £ | £ | £ |
| NON-CURRENT ASSETS | | | | | |
| Housing Properties - Depreciated Cost | 11.(a) | | 39,378,631 | | 39,148,054 |
| Other Non Current Assets | 11.(b) | | 74,114 | | 90,912 |
| | | | <u>39,452,745</u> | | <u>39,238,966</u> |
| INVESTMENTS | | | | | |
| Investment in subsidiaries | 24. | 1 | | 1 | |
| Investment properties | 24. | 304,000 | | 304,000 | |
| | | | <u>304,001</u> | | <u>304,001</u> |
| CURRENT ASSETS | | | | | |
| Receivables | 13. | 972,725 | | 2,191,729 | |
| Investments | 24. | 19,142,998 | | 16,212,600 | |
| Cash at bank and in hand | | 1,757,831 | | 2,048,751 | |
| | | <u>21,873,554</u> | | <u>20,453,080</u> | |
| CREDITORS: Amounts falling due within one year | 14. | (1,562,477) | | (2,124,701) | |
| NET CURRENT ASSETS | | | <u>20,311,077</u> | | <u>18,328,379</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 60,067,823 | | 57,871,346 |
| CREDITORS: Amounts falling due after more than one year | 15. | | (3,022,523) | | (3,291,327) |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | | | |
| Other Provision | 25. | (615,000) | | (258,000) | |
| | | | <u>(615,000)</u> | | <u>(258,000)</u> |
| DEFERRED INCOME | | | | | |
| Social Housing Grants | 17. | (27,652,668) | | (27,270,193) | |
| Other Grants | 17. | (43,277) | | (47,212) | |
| | | | <u>(27,695,945)</u> | | <u>(27,317,405)</u> |
| NET ASSETS | | | <u>28,734,355</u> | | <u>27,004,614</u> |
| EQUITY | | | | | |
| Share Capital | 18. | | 202 | | 953 |
| Revenue Reserves | | | 28,734,153 | | 27,003,661 |
| | | | <u>28,734,355</u> | | <u>27,004,614</u> |

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 20 June 2017.


Chairperson


Vice Chairperson


Secretary

The notes on pages 13 to 30 form part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2017

| | Notes | 2017 | | 2016 | |
|--|-------|-------------|------------------|-------------|------------------|
| | | £ | £ | £ | £ |
| Net Cash Inflow from Operating Activities | 16. | | 2,376,826 | | 1,409,779 |
| Investing Activities | | | | | |
| Acquisition and Construction of Properties | | (1,378,593) | | (3,322,472) | |
| Purchase of Other Fixed Assets | | (16,090) | | (1,408) | |
| Social Housing Grant Received | | 1,310,688 | | (977,708) | |
| Social Housing Grant Repaid | | - | | 679,378 | |
| Changes on short term deposits with banks | | (2,930,398) | | 3,287,400 | |
| Proceeds on Disposal of Properties | | 336,688 | | 24,348 | |
| Net Cash Outflow from Investing Activities | | | (2,677,705) | | (310,462) |
| Financing Activities | | | | | |
| Interest Received on Cash and Cash Equivalents | | 206,877 | | 111,145 | |
| Interest Paid on Loans | | (35,672) | | (36,776) | |
| Loan Principal Repayments | | (161,259) | | (159,672) | |
| Share Capital Issued | | 13 | | 18 | |
| Net Cash Inflow / (Outflow) from Financing | | | 9,959 | | (85,285) |
| (Decrease) / Increase in Cash | | | (290,920) | | 1,014,032 |
| Opening Cash & Cash Equivalents | | | 2,048,751 | | 1,034,719 |
| Closing Cash & Cash Equivalents | | | <u>1,757,831</u> | | <u>2,048,751</u> |
| Cash and Cash equivalents as at 31 March 2017 | | | | | |
| Cash at bank | | | 1,757,831 | | 2,048,751 |
| | | | <u>1,757,831</u> | | <u>2,048,751</u> |

The notes on pages 13 to 30 form part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH 2017

| | Share Capital | Revenue Reserve | Total |
|---|------------------|--------------------|-------------------|
| | £ | £ | £ |
| Balance as at 1st April 2015 | 935 | 24,817,144 | 24,818,079 |
| Issue of Shares | 18 | - | 18 |
| Other comprehensive income - pension scheme | - | 241,000 | 241,000 |
| Surplus for Year | - | 1,945,517 | 1,945,517 |
| Balance as at 31st March 2016 | <u>953</u> | <u>27,003,661</u> | <u>27,004,614</u> |
| Balance as at 1st April 2016 | 953 | 27,003,661 | 27,004,614 |
| Issue of Shares | 13 | - | 13 |
| Cancellation of Shares | (764) | - | (764) |
| Other comprehensive income - pension scheme | - | (338,000) | (338,000) |
| Revaluation in year | - | - | - |
| Transfer to revenue Reserve on disposal | - | - | - |
| Prior year adjustment | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| Surplus for Year | - | 2,068,492 | 2,068,492 |
| Balance as at 31st March 2017 | <u>202</u> | <u>28,734,153</u> | <u>28,734,355</u> |

The reserves opening balance at 1st January 2015 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Basis Of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 99 of the Co-operative and Community Benefit Societies Act 2014. The financial statements for Glasgow West Housing Association Limited present information about it as an individual undertaking and not about the group.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme.

The Association still has a liability for past service contributions to the Scottish Housing Association Defined Benefit Pension Scheme. The Association provides for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

The Association participates in the Strathclyde Pension Fund and all retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are being made in accordance with the periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole.

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

| Component | Useful Economic Life |
|------------------------|----------------------|
| Roof | 50 years |
| Structure | 50 years |
| Cladding | 40 years |
| Central Heating System | 30 years |
| Doors | 30 years |
| Rewiring | 30 years |
| Bathrooms | 25 years |
| Windows | 25 years |
| Boilers | 15 years |
| Kitchens | 15 years |

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

| | |
|------------------------|---------------------|
| Office Premises | - 4% Straight Line |
| Furniture and Fittings | - 20% Straight Line |
| Computer Equipment | - 33% Straight Line |

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grant And Other Grants In Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating costs. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Service Charge Sinking Funds

The Association receives a service charge from owner occupiers to fund future planned maintenance, cyclical maintenance and car park costs. In accordance with the Statement of Recommended Practice the balance of unspent service income is included as a liability where amounts are repayable or contributions are reduced.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Pension Liability

In March 2017 the Association received details from the Pension Trust of the final valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Management Committee feel this is the best available estimate of the past service liability.

Financial Instruments - Basic

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

| | Notes | 2017 | | | 2016 | | |
|-------------------------------|-------|------------------|-------------------------|--|------------------|-------------------------|--|
| | | Turnover £ | Operating Costs £ | Operating Surplus / (Deficit) £ | Turnover £ | Operating Costs £ | Operating Surplus / (Deficit) £ |
| Affordable letting activities | 3. | 6,962,400 | 5,517,797 | 1,444,603 | 6,883,603 | 5,057,825 | 1,825,778 |
| Other Activities | 4. | 217,967 | 173,663 | 44,304 | 159,243 | 146,597 | 12,646 |
| Total | | 7,180,367 | 5,691,460 | 1,488,907 | 7,042,846 | 5,204,422 | 1,838,424 |

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

| | General | | | 2017 Total £ | 2016 Total £ |
|---|-----------------------|---------------------------|--------------------------|--------------------|--------------------|
| | Needs Housing £ | Supported Housing £ | Shared ownership £ | | |
| Revenue from Lettings | | | | | |
| Rent Receivable Net of Service Charges | 6,005,805 | - | 6,832 | 6,012,637 | 5,905,586 |
| Service Charges | 152,822 | - | - | 152,822 | 160,730 |
| Gross income from rent and service charges | 6,158,627 | - | 6,832 | 6,165,459 | 6,066,316 |
| Less: Rent losses from voids | 119,956 | - | - | 119,956 | 83,361 |
| Net Rents Receivable | 6,038,671 | - | 6,832 | 6,045,503 | 5,982,955 |
| Grants released from deferred income | 916,897 | - | - | 916,897 | 900,648 |
| Total turnover from affordable letting activities | 6,955,568 | - | 6,832 | 6,962,400 | 6,883,603 |
| Expenditure on affordable letting activities | | | | | |
| Management and maintenance administration costs | 2,503,613 | - | - | 2,503,613 | 2,303,047 |
| Service Costs | 323,671 | - | - | 323,671 | 322,274 |
| Planned and cyclical maintenance, including major repairs | 782,116 | - | - | 782,116 | 565,158 |
| Reactive maintenance costs | 782,891 | - | - | 782,891 | 742,382 |
| Bad Debts - rents and service charges | (5,411) | - | - | (5,411) | (6,140) |
| Depreciation of affordable let properties | 1,128,427 | - | 2,490 | 1,130,917 | 1,131,104 |
| Operating costs of affordable letting activities | 5,515,307 | - | 2,490 | 5,517,797 | 5,057,825 |
| Operating surplus on affordable letting activities | 1,440,261 | - | 4,342 | 1,444,603 | 1,825,778 |
| 2016 | 1,817,873 | - | 7,905 | | |

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

| | Grants From Scottish Ministers | Other Income | Total Turnover | Operating Costs Bad Debts | Operating Costs Other | Operating Surplus /(Deficit) 2017 | Operating Surplus /(Deficit) 2016 |
|--|---|-----------------|-------------------|---------------------------------|-----------------------------|--|--|
| | £ | £ | £ | £ | £ | £ | £ |
| Investment property activities | - | 45,333 | 45,333 | - | 16,478 | 28,855 | 26,742 |
| Uncapitalised development administration costs | - | - | - | - | 30,956 | (30,956) | (28,179) |
| Other activities | 2,399 | 170,235 | 172,634 | - | 101,774 | 70,860 | 22,501 |
| Rechargeable Repairs - Bad Debts | - | - | - | 24,455 | - | (24,455) | (8,418) |
| Total From Other Activities | 2,399 | 215,568 | 217,967 | 24,455 | 149,208 | 44,304 | 12,646 |
| 2016 | 2,930 | 156,313 | 159,243 | 8,418 | 138,179 | 12,646 | |

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

| | 2017 | 2016 |
|---|---------------|---------------|
| | £ | £ |
| Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions) | <u>73,596</u> | <u>72,978</u> |
| Pension contributions made on behalf on Officers with emoluments greater than £60,000 | <u>8,194</u> | <u>8,113</u> |
| Emoluments payable to Chief Executive (excluding pension contributions) | <u>73,596</u> | <u>72,978</u> |

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

| | Number | Number |
|--------------------|----------|----------|
| £70,001 to £80,000 | <u>1</u> | <u>1</u> |

6. EMPLOYEE INFORMATION

| | 2017 | 2016 |
|---|------------------|------------------|
| | No. | No. |
| The average monthly number of full time equivalent persons employed during the year was | <u>54</u> | <u>51</u> |
| The average total number of Employees employed during the year was | <u>57</u> | <u>53</u> |
| Staff Costs were: | £ | £ |
| Wages and Salaries | 1,731,611 | 1,634,428 |
| Social Security Costs | 153,040 | 129,037 |
| Other Pension Costs | 178,449 | 167,000 |
| Temporary, Agency and Seconded Staff | 20,239 | 29,697 |
| | <u>2,083,339</u> | <u>1,960,162</u> |

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

| | 2017 | 2016 |
|-------------------------------|----------------|---------------|
| | £ | £ |
| Sales Proceeds | 336,688 | 24,348 |
| Cost of Sales | <u>7,754</u> | <u>-</u> |
| Gain On Sale Of Housing Stock | <u>328,934</u> | <u>24,348</u> |

8. INTEREST PAYABLE & SIMILAR CHARGES

| | 2017 | 2016 |
|----------------------------|---------------|---------------|
| | £ | £ |
| On Bank Loans & Overdrafts | <u>35,672</u> | <u>41,009</u> |

9. SURPLUS FOR YEAR

| | 2017 | 2016 |
|--|----------------|---------------|
| | £ | £ |
| Surplus is stated after charging:- | | |
| Depreciation - Tangible Owned Fixed Assets | 1,163,064 | 1,160,947 |
| Auditors' Remuneration - Audit Services | 12,696 | 12,096 |
| Auditors' Remuneration - Other Services | 4,170 | 5,251 |
| Gain on sale of fixed assets | <u>328,934</u> | <u>24,348</u> |

10. OTHER FINANCE CHARGES

| | 2017 | 2016 |
|-------------------------------------|---------------|---------------|
| | £ | £ |
| Unwinding of Discounted Liabilities | <u>50,639</u> | <u>55,370</u> |

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON-CURRENT ASSETS

| a) Housing Properties | Housing Properties Held for Letting £ | Housing Properties In course of Construction £ | Completed Shared Ownership Properties £ | Total £ |
|-----------------------|---|--|---|-------------------|
| COST | | | | |
| As at 1st April 2016 | 58,736,929 | 728,953 | 182,401 | 59,648,283 |
| Additions | 610,730 | 767,863 | - | 1,378,593 |
| Disposals | (31,182) | - | - | (31,182) |
| As at 31st March 2017 | <u>59,316,477</u> | <u>1,496,816</u> | <u>182,401</u> | <u>60,995,694</u> |
| DEPRECIATION | | | | |
| As at 1st April 2016 | 20,424,413 | - | 75,816 | 20,500,229 |
| Charge for Year | 1,127,686 | - | 2,490 | 1,130,176 |
| Disposals | (13,342) | - | - | (13,342) |
| As at 31st March 2017 | <u>21,538,757</u> | <u>-</u> | <u>78,306</u> | <u>21,617,063</u> |
| NET BOOK VALUE | | | | |
| As at 31st March 2017 | <u>37,777,720</u> | <u>1,496,816</u> | <u>104,095</u> | <u>39,378,631</u> |
| As at 31st March 2016 | <u>38,312,516</u> | <u>728,953</u> | <u>106,585</u> | <u>39,148,054</u> |

Additions to housing properties includes capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £460,472 (2016 - £2,732,354).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,016,168 (2016 - £4,765,295). The amount capitalised is £1,378,593 (2016 - £3,457,755), with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £468,444 (2016 - £3,151,102), improvements of £142,286 (2016 - £nil) and additions to Properties in the Course of Construction of £767,863 (2016 - £306,653).

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON CURRENT ASSETS (Continued)

| b) Other Tangible Assets | Office Premises £ | Furniture & Equipment £ | Total £ |
|-------------------------------|-------------------------|-------------------------------|----------------|
| COST | | | |
| As at 1st April 2016 | 512,423 | 52,814 | 565,237 |
| Additions | - | 16,090 | 16,090 |
| As at 31st March 2017 | <u>512,423</u> | <u>68,904</u> | <u>581,327</u> |
| AGGREGATE DEPRECIATION | | | |
| As at 1st April 2016 | 430,435 | 43,890 | 474,325 |
| Charge for year | 20,497 | 12,391 | 32,888 |
| As at 31st March 2017 | <u>450,932</u> | <u>56,281</u> | <u>507,213</u> |
| NET BOOK VALUE | | | |
| As at 31st March 2017 | <u>61,491</u> | <u>12,623</u> | <u>74,114</u> |
| As at 31st March 2016 | <u>81,988</u> | <u>8,924</u> | <u>90,912</u> |

12. CAPITAL COMMITMENTS

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements | <u>148,874</u> | <u>891,767</u> |

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 | 2016 |
|-------------------------------------|----------|-----------|
| | £ | £ |
| Arrears of Rent & Service Charges | 52,404 | 92,187 |
| Less: Provision for Doubtful Debts | (28,892) | (55,246) |
| | 23,512 | 36,941 |
| Social Housing Grant Receivable | 437,160 | 977,708 |
| Other Receivables | 291,763 | 251,821 |
| Amounts Due from Group Undertakings | 220,290 | 925,259 |
| | 972,725 | 2,191,729 |

14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 | 2016 |
|--|-----------|-----------|
| | £ | £ |
| Housing Loans | 161,258 | 158,392 |
| Trade Payables | 575,742 | 262,678 |
| Rent in Advance | 457,251 | 497,847 |
| Social Housing Grant in Advance | - | - |
| Corporation Tax | - | - |
| Other Taxation and Social Security | 37,430 | 63,358 |
| Amounts Due to Group Undertakings | - | - |
| Other Payables | 69,902 | 195,691 |
| Liability for Past Service Contributions | 155,311 | 140,189 |
| Accruals and Deferred Income | 105,583 | 806,546 |
| | 1,562,477 | 2,124,701 |

At the balance sheet date there were pension contributions outstanding of £29,782 (2016 - £29,177).

15. PAYABLES: AMOUNTS FALLING DUE AFTER ONE YEAR

| | 2017 | 2016 |
|---|-----------|-----------|
| | £ | £ |
| Liability for Past Service Contributions | 634,225 | 738,904 |
| Housing Loans | 2,388,298 | 2,552,423 |
| | 3,022,523 | 3,291,327 |
| Housing Loans | | |
| Amounts due within one year | 161,258 | 158,392 |
| Amounts due in one year or more but less than two years | 161,258 | 158,392 |
| Amounts due in two years or more but less than five years | 483,774 | 475,175 |
| Amounts due in more than five years | 1,743,266 | 1,918,856 |
| | 2,549,556 | 2,710,815 |
| Less: Amount shown in Current Liabilities | 161,258 | 158,392 |
| | 2,388,298 | 2,552,423 |
| Liability for Past Service Contributions | | |
| Amounts due within one year | 155,311 | 140,189 |
| Amounts due in one year or more but less than two years | 157,530 | 149,535 |
| Amounts due in two years or more but less than five years | 476,695 | 451,802 |
| Amounts due in more than five years | - | 137,567 |
| | 789,536 | 879,093 |
| Less: Amount shown in Current Liabilities | 155,311 | 140,189 |
| | 634,225 | 738,904 |

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

| Lender | Security | Effective Interest Rate | Variable / Maturity Fixed |
|------------|--------------------------------------|-------------------------|---------------------------|
| RBS | Standard Security over 60 properties | 1.69% | 2034 Variable |
| BoS | Standard Security over 42 properties | 1.50% | 2027 Variable |
| Nationwide | Standard Security over 39 properties | 1.49% | 2032 Variable |
| SBS | Standard Security over 31 properties | 0.85% | 2029 Variable |

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.06% (2016 - 2.64%).

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. STATEMENT OF CASH FLOWS

| <i>Reconciliation of operating surplus to net cash inflow from operating activities</i> | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Operating Surplus | 1,488,907 | 1,838,424 |
| Depreciation | 1,163,804 | 1,160,947 |
| Change in Provisions for liabilities and charges | 19,000 | 40,000 |
| Amortisation of Capital Grants | (916,898) | (900,648) |
| Change in debtors | 678,456 | 165,618 |
| Change in creditors | 3,960 | (824,192) |
| Unwinding of Discount on Pension Liability | (50,639) | (55,370) |
| Defined benefit pension scheme - other finance loss | (9,000) | (15,000) |
| Share Capital Written Off | (764) | - |
| Net Cash Inflow from Operating Activities | 2,376,826 | 1,409,779 |

17. DEFERRED INCOME

| | Housing Properties Held for Letting £ | Housing Properties In course of Construction £ | Shared Ownership Properties £ | Supporting People £ | Total £ |
|--|---|--|--|---------------------------|-------------------|
| Social Housing Grants | | | | | |
| Balance as at 1st April 2016 | 45,135,234 | 708,414 | 114,470 | - | 45,958,118 |
| Additions in the year | 108,125 | 662,015 | - | - | 770,140 |
| Transferred | 36,077 | 534,644 | (36,077) | - | 534,644 |
| Eliminated on disposal components and property | (9,346) | - | - | - | (9,346) |
| Balance as at 31st March 2017 | 45,270,090 | 1,905,073 | 78,393 | - | 47,253,556 |
| Amortisation | | | | | |
| Balance as at 1st April 2016 | 18,639,460 | - | 48,465 | - | 18,687,925 |
| Amortisation in year | 911,395 | - | 1,568 | - | 912,963 |
| Balance as at 31st March 2017 | 19,550,855 | - | 50,033 | - | 19,600,888 |
| Net book value | | | | | |
| Balance as at 31st March 2017 | 25,719,235 | 1,905,073 | 28,360 | - | 27,652,668 |
| Balance as at 31st March 2016 | 26,495,774 | 708,414 | 66,005 | - | 27,270,193 |
| Other Grants | | | | | |
| Balance as at 1st April 2016 | - | - | - | 98,358 | 98,358 |
| Balance as at 31st March 2017 | - | - | - | 98,358 | 98,358 |
| Amortisation | | | | | |
| Balance as at 1st April 2016 | - | - | - | 51,146 | 51,146 |
| Amortisation in year | - | - | - | 3,935 | 3,935 |
| Balance as at 31st March 2017 | - | - | - | 55,081 | 55,081 |
| Net book value | | | | | |
| Balance as at 31st March 2017 | - | - | - | 43,277 | 43,277 |
| Balance as at 31st March 2016 | - | - | - | 47,212 | 47,212 |
| Total grants net book value as at 31 March 2017 | 25,719,235 | 1,905,073 | 28,360 | 43,277 | 27,695,945 |
| Total grants net book value as at 31 March 2016 | 26,495,774 | 708,414 | 66,005 | 47,212 | 27,317,405 |

This is expected to be released to the Statement of Comprehensive Income in the following years:

| | 2017 £ | 2016 £ |
|--------------------------------------|-------------------|-------------------|
| Amounts due within one year | 916,898 | 900,648 |
| Amounts due after more than one year | 26,779,047 | 26,416,757 |
| | 27,695,945 | 27,317,405 |

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

| Shares of £1 each Issued and Fully Paid | £ |
|---|--------------|
| At 1st April 2016 | 953 |
| Issued in year | 13 |
| Cancelled in year | <u>(764)</u> |
| At 31st March 2017 | <u>202</u> |

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

19. HOUSING STOCK

| The number of units of accommodation in management at the year end was:- | 2017 No. | 2016 No. |
|--|--------------|--------------|
| General Needs - New Build | 228 | 228 |
| General Needs - Rehabilitation | 1,265 | 1,271 |
| Shared Ownership | <u>2</u> | <u>3</u> |
| | <u>1,495</u> | <u>1,502</u> |

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection is made at arm's length and under normal commercial terms.

Transactions with governing body members (and their close family) were as follows:

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Rent and factoring received from Tenants on the Committee and their close family members | 20,397 | 23,050 |

At the year end total rent arrears and factoring owed by the tenant members of the Committee (and their close family) were £nil (2016 - £nil).

At the year end the amount due from Glasgow West Enterprises Limited was £220,290 (2016 - £925,259).

21. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 5 Royal Crescent, Glasgow, G3 7SL.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Glasgow.

22. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received £492 in the year by way of reimbursement of expenses. (2016 - £nil). No remuneration is paid to Management Committee members to respect of their duties to the Association.

23. EXCEPTIONAL ITEM

During the year, an agreement was reached with the Scottish Government regarding HAG which was due to be repaid to them. The Scottish Government determined that these monies could be used by the Association to fund specific future developments.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. INVESTMENTS

| Investment Properties | Commercial Properties | Total |
|---|--------------------------|-------------|
| Valuation | £ | £ |
| As at 1 April 2016 and 31 March 2017 | 304,000 | 304,000 |
| | <u>2017</u> | <u>2016</u> |
| | £ | £ |
| Investments in Subsidiaries | | |
| As at 31st March 2017 & 31st March 2016 | 1 | 1 |
| | <u>1</u> | <u>1</u> |

The Association has a 100% owned subsidiary Glasgow West Enterprise Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

During the year, Glasgow West Housing Association Limited received management fees from Glasgow West Enterprises Limited amounting to £101,774 (2016 - £95,701).

Glasgow West Housing Association Limited incurred expenditure on behalf of Glasgow West Enterprises Limited amounting to £386,679 (£840,003).

Glasgow West Enterprises Limited collected receipts on behalf of Glasgow West Housing Association Limited amounting to £4,860 (2016 - £194,351).

Glasgow West Housing Association Limited collected receipts on behalf of Glasgow West Enterprises Limited amounting to £192,565 (£194,351).

Glasgow West Enterprises Limited repaid £1,009,068 (2016 - £224,926) to Glasgow West Housing Association Limited.

Glasgow West Enterprises Limited donated £3,351 (2016 - £nil) to Glasgow West Housing Association Limited.

The amount due to Glasgow West Housing Association Limited from Glasgow West Enterprises Limited at the balance sheet date was £220,290 (2016 - £925,259).

The aggregate amount of capital and reserves and the results of Glasgow West Enterprise Limited per that company's draft accounts for the year ended 31st March 2017 are as follows:

| | 2017 | 2016 |
|---------------------|--------------|---------------|
| | £ | £ |
| Capital & Reserves | 1 | 1 |
| | <u>1</u> | <u>1</u> |
| Profit for the year | 6,204 | 12,869 |
| | <u>6,204</u> | <u>12,869</u> |

Current Asset Investments

| | 2017 | 2016 |
|---------------------|-------------------|-------------------|
| | £ | £ |
| Short term deposits | 19,142,998 | 16,212,600 |
| | <u>19,142,998</u> | <u>16,212,600</u> |

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

General

Glasgow West Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme).

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

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 FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m 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 30th September 2016. 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 £341m and indicated an increase in the shortfall of assets compared to liabilities to approximately £207m, equivalent to a past service funding level of 62.2%.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Based on the provisional valuation the scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £155,311 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £789,536 (2016 - £879,093). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.06% (2016 - 2.64%).

The Association made payments totalling £140,000 (2016 - £136,000) to the pension scheme during the year.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

Strathclyde Pension Fund Defined Benefit Scheme

The Association operates a defined benefit scheme as an admitted body under the Strathclyde Pension Fund, the assets of which are held in a separate trustee administered fund.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

Total pension contributions made by the Association for the year were £66,000 (2016 - £69,000). Gross pensionable salaries for the year were £269,000 (2016 - £284,000).

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102.

Employer Membership Statistics

| | 2017 | 2016 |
|---------------------|-----------|-----------|
| | No. | No. |
| Employee members | 10 | 10 |
| Deferred pensioners | - | - |
| Pensioners | 3 | 3 |
| | <u>13</u> | <u>13</u> |

Major Categories of Plan Assets as a Percentage of Total Plan Assets

| Asset Class | 2017 | 2016 |
|--------------|------------|------------|
| | % | % |
| Equities | 73 | 72 |
| Bonds | 12 | 16 |
| Property | 10 | 12 |
| Cash | 5 | - |
| Total | <u>100</u> | <u>100</u> |

Principal Actuarial Assumptions

| Assumptions as at 31 March | 2017 | 2016 |
|----------------------------|------------|------------|
| | %p.a. | %p.a. |
| Salary increases | 4.4 | 4.2 |
| Pension increases | 2.4 | 2.2 |
| Discount rate | <u>2.6</u> | <u>3.5</u> |

Mortality Rates

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

| | Males | Females |
|--------------------|-------------|-------------|
| | (Years) | (Years) |
| Current Pensioners | 22.1 | 23.6 |
| Future Pensioners* | <u>24.8</u> | <u>26.2</u> |

* Figures assume members aged 45 as at the last formal valuation date.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Statement of Comprehensive Income

| | 2017 | 2016 |
|--|-----------|------------|
| | £'000 | £'000 |
| Charged to operating costs: | | |
| Service cost | 76 | 94 |
| Past service cost | - | - |
| | <u>76</u> | <u>94</u> |
| Charged to Other Finance Costs / (Income) | | |
| Expected Return on employer assets | (65) | (56) |
| Interest on pension scheme liabilities | 74 | 71 |
| | <u>9</u> | <u>15</u> |
| Net Charge to the Statement of Comprehensive Income | <u>85</u> | <u>109</u> |

Amounts for the current and previous accounting periods:

| | 2017 | 2016 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Fair value of employer assets | 2,323 | 1,827 |
| Present value of defined benefit obligations | 2,938 | 2,085 |
| Deficit | <u>(615)</u> | <u>(258)</u> |

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

Analysis of projected amount to be charged to the Income & Expenditure Account for the year ended 31 March 2018

| | £'000 | % of pay |
|--------------------------------|--------------|-------------|
| Projected current service cost | (107) | (40) |
| Interest on obligation | (77) | (29) |
| Expected return on plan assets | 61 | 23 |
| | <u>(123)</u> | <u>(46)</u> |

Contributions made by the Association for the year ended 31 March 2018 are estimated to be approximately £66,000.

Changes in Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| At 1 April 2016 | (258) | (459) |
| Total Service Cost | (76) | (94) |
| Total Net Interest | (9) | (15) |
| Total Defined Benefit Cost recognised in Profit and Loss | <u>(85)</u> | <u>(109)</u> |
| Employer Contributions | 66 | 69 |
| Changes in Financial Assumptions | (704) | 247 |
| Return on Assets excluding amounts included in Net Interest | 366 | (11) |
| Other experience | - | 5 |
| Total Remeasurements Recognised in Other Comprehensive Income | <u>(338)</u> | <u>241</u> |
| At 31 March 2017 | <u>(615)</u> | <u>(258)</u> |