



WEST HIGHLAND HOUSING ASSOCIATION LIMITED
Report and Financial Statements
For the year ended 31 March 2024

Registered Housing Association Number HEP 163
Financial Conduct Authority Number 1691R(S)
Charity Number SC017357

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

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WEST HIGHLAND HOUSING ASSOCIATION LIMITED

INFORMATION

Registered Office

Crannog Lane, Oban, Argyll, PA34 4HB

Registration Numbers

Financial Conduct Authority number	1691R(S)
The Scottish Housing Regulator reference	HEP 163
Scottish Charity number	SC017357

Board

Gerry Boyle	Chair
Linda Houston	Vice Chair
Donald Harrison	
David Bittleston	(resigned 22 June 2023)
David Cargill	(appointed 1 December 2023)
Jack Degnan	
Mark Feinmann	
Douglas Mackie	
Sine MacVicar	
David Sloss	
Torquil Telfer	(resigned 7 September 2023)
James Tolmie	
Councillor Luna Martin	Council Nominee (resigned 7 September 2023)
Councillor Dougie McFadzean	Council Nominee

Key Management Personnel

Brett Sadler	Chief Executive and Secretary
Moira MacVicar	Partnership Lead (retired 31 May 2023)
Linda Hoar	Director of Finance and Business Support
Michael Driscoll	Director of Customer Experience

Auditor

RSM UK Audit LLP
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

INFORMATION

Accountant

David Smith, Chartered Accountant
Keppoch
Croft Road
Oban
PA34 5JN

Internal Auditor

TIAA
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Solicitors

T C Young
7 West George Street
Glasgow
G2 1BA

Bankers

Nationwide Building Society
Commercial Division
Caledonia House
Carnegie Avenue
Dunfermline
KY11 8PE

Virgin Money
19 Longrow
Campbeltown
PA28 6ER

Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2YB

Bank of Scotland
Station Road
Oban
PA34 4LL

CAF Bank
25 Kings Hill Avenue
West Malling
Kent
ME19 4JQ

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD 31 March 2024

The Board presents its report and audited financial statements for the year ended 31 March 2024.

Legal Status

West Highland Housing Association Limited (the Association) is a registered non-profit making body under the Co-operative and Community Benefit Societies Act 2014 No. 1691R(S).

The Association is governed under its Model Rules and registered with the Financial Conduct Authority, the Scottish Housing Regulator as a Registered Social Landlord and with the Office of the Scottish Charities Regulator as a Scottish charity.

Principal Activity

The Association's principal activity is the provision of affordable, well-maintained, high-quality housing in the Oban, Lorn and Island area. In doing this we support fragile communities within the local area.

Mission, Objectives and Values

Our Mission Statement and Values were refreshed in early 2023 to reflect our work in supporting local communities and our tenants.

Our Mission

Providing and maintaining quality homes to support local communities to thrive.

Objectives

The Association plans activities around the following strategic objectives:

- Providing High Quality Homes
- Delivering Excellent Services
- Keeping the Organisation Safe and Secure
- Valuing Our People
- Promoting Positive Community Partnerships

Our Values

Our Values underpin everything we do:

- Responsibility – We all take responsibility for our actions.
- Empathy – We work hard to understand how people feel as individuals and treat them with dignity.
- Social Impact – We strive to ensure that there is a positive social impact from our activities and work with others who share these aims.
- Participation – We are proactive in providing opportunities for people to engage with us and help us to improve our services.
- Equity – We are all equal and different, and we aim to provide inclusive environments for work and for living.
- Challenge – We challenge ourselves and others towards excellence and innovation in all we do.
- Transparency – We wish to be open and honest about what we do and how we do it.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD 31 March 2024

Board and Executive Officers

The members of the Board and the Executive Officers are listed on page 1.

Each member of the Board 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 Board. The members of the Board are also Trustees of the Charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

Corporate Structure

West Highland Housing Association Limited is a subsidiary of Link Group Limited (the Group), a Registered Social Landlord. Ultimate responsibility for the conduct and the control of the Group and its subsidiaries rests with the Link Group Board, while an Independence and Responsibilities Agreement sets out conditions for the autonomous operation of the Association within the Group.

The Association has its own subsidiary West Highland Futures Limited which has its own independent Board of Directors.

Corporate Governance

Link Group submits Group assurance statements to the Regulator confirming compliance with:

- All relevant regulatory requirements set out in Chapter 3 of the Regulatory Framework
- All relevant standards and outcomes in the Scottish Social Housing Charter
- All relevant legislative duties
- The Standards of Governance and Financial Management

The Association's Chair, Gerry Boyle, is also a member of the Link Group Board as part of the Link Group governance structure.

Board and Governance

On an operational day to day basis the Association is managed by the Chief Executive who reports to the Board. Board Meetings are held approximately every 2 months. The current governance structure has been in place for a full twelve months following a governance structure review. The governance structure includes an overall Board, an Audit & Risk Committee, a Performance & Health & Safety Committee and a Nominations Committee.

The Board sets the strategic direction of the organisation and monitors the operational activities. As at the year end there were 11 Board Members, one of which was Council nominated.

In September 2023 a Special AGM was held to amend the Association's rules. This was to ensure that the rules reflected the new governance structure committees, as well as to reflect the agreed reduction in the overall number of Board Members from 14 down to 12, which included reducing the number of Council nominated Board Members from two down to one.

At the AGM, Gerry Boyle was re-elected as Board Chair and Linda Houston as Board Vice Chair.

The Board held an in-person away day (split over two days) in October 2023 where the main themes were:

- Risk Appetite
- 30 Year Plan / Investment Plans / Assumptions
- Rent Affordability
- West Highland Futures

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REPORT OF THE BOARD 31 March 2024

Corporate Plan 2023-2028

The current Corporate Plan runs for a five-year period from 2023. Alongside the Corporate Plan, there is an annual Delivery Plan. The 2023/2024 Delivery Plan included the headline actions and projects planned to be undertaken during the year with progress on achieving the Delivery Plan reported on a quarterly basis to Board. The Delivery Plan actions were aligned to the Association's five Corporate Plan Objectives which are:

- Providing High Quality Homes
- Delivering Excellent Services
- Keeping the Organisation Safe and Secure
- Valuing Our People
- Promoting Positive Community Partnerships

Development Strategy 2023-2028

Following the approval of a five-year Development Strategy in 2023, a number of developments were started on site during the year. Further sites were also land-banked for potential future development. The developments on site at year end 2023/2024 were:

- 20 units on site at Port Ellen, Islay
- 6 units on site at Port Appin
- 16 units on site at Port Charlotte, Islay

West Highland Futures Limited

West Highland Futures Limited is a wholly-owned subsidiary of the Association and operates biomass heating systems providing heat to the Association's tenants and at the Mull Progressive Care Centre to NHS Highland and Argyll and Bute Council. West Highland Futures Limited has a separate board of directors which meets regularly through the year to review performance.

The accounts for West Highland Futures Limited are not consolidated within these financial statements but they are consolidated within the financial statements of Link Group Limited.

Risk

As part of the Link Group, the Association shares their risk approach and utilises the Link Group Risk Management Framework. The Association has a full risk register which is reported on a quarterly basis to the Audit & Risk Committee, and on an annual basis to Board. The quarterly report to Audit & Risk Committee includes details of any changes to risk ratings, actions and controls that have taken place.

The Association has 24 risks on its corporate risk register and has identified the following as its highest key risks:

- Being unable to meeting EESSH2/Net Zero Targets – *The Scottish Government have been reviewing the EESSH2 and Net Zero standards and have recently consulted on a new Social Housing Net Zero Standard. In the meantime, the Association continues to upgrade housing stock to improve energy efficiency, whilst awaiting final details regarding the new Standard.*
- Continued Increased Cost Pressures on our Future Finances – *whilst the Association is a financially sound and robust organisation, the Association recognises that there have been increased and continued cost pressures on our future finances. The Association will continue to pay close attention to current and anticipated costs across the business.*

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REPORT OF THE BOARD 31 March 2024

Steps to mitigate the risk related to Net-Zero targets include developing plans in partnership with contractors and other local housing providers, taking advantage of grant opportunities and reviewing the Association's stock.

With regard to the identified risk coming from cost pressures the Association regularly updates its long term financial projections and this includes a review of outcomes from various scenarios

Financial Performance

The financial statements reflect the requirements of the Statement of Recommended Practice (SORP) for registered social housing providers, the Housing SORP 2018.

The financial statements show total comprehensive income for the year of £571k (2023: £314k - restated). This surplus was after taking account of a loss on the Association's pension liability of £175k compared to a loss of £60k in 2023.

Turnover decreased in the year to £6,104k from £6,361k in 2023.

The Association's core income from property rents increased by 5.1% to £4,577k from £4,353k, reflecting the rent increase, which took effect in April 2023, together with additional rental income from recently completed properties.

Operating costs reduced from £5,553k (restated) in 2023 to £4,895k in 2024. This is partly due to a change in the Association's depreciation policy to increase the expected life of its properties, thereby reducing the annual depreciation charge.

During the year, as part of an exercise across Link Group Limited, the Association reviewed and amended the accounting policies and estimates with respect to the depreciation of housing properties and related grant amortisation. The aim of this review was to ensure that the Association's policies were in harmony with the Group and to ensure that the depreciation charge more accurately reflects the usage and economic benefit of the assets. As a result, the housing properties depreciation, housing grants amortisation and reserves have been restated for 2023. More detailed information on these changes is given at note 29 of these financial statements.

On the Statement of Financial Position, the Association's housing properties amount to £75,661k (2023: £71,676k - restated). Investment in housing property during the year amounted to £5,849k (2023: £3,098k - restated) which included both the development of new properties and the upgrade of existing properties.

Net current assets fell from £4,496k in 2023 to £3,291k and this is attributed to the funding of developments from cash reserves rather than from additional loan finance.

At 31 March 2024 the Association's capital and reserves stood at £13,384k (2023: £12,813k - restated).

The Board consider that these reserves are necessary to fund the cost of future major repairs and improvements to the Association's housing properties.

Financing and Liquidity

The Association manages its borrowings and cash investments in accordance with the Treasury Management Policy approved by the Board. In this way the Association manages its borrowing arrangements to ensure that it is always able to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. During the year, the Association continued to utilise the Flagstone Charity Deposit Scheme to increase returns from investment.

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REPORT OF THE BOARD 31 March 2024

The Association does not enter transactions of a speculative nature. At 31 March 2024, the Association had a mix of fixed (48%) and variable rate (52%) finance, which it considered appropriate at the time. This is regularly reviewed and is considered alongside potential interest rate increases.

Properties in Management

As of 31 March 2024, the Association had 832 properties including 13 under shared ownership. In addition, it managed 354 properties on behalf of Link Group and provided a property factoring service to a further 207.

Staffing

Recruitment continued throughout the year to fill posts as they became vacant, and all were successfully recruited to. During the year, a number of staff were successful in gaining new positions internally, including first time line management positions and moving to different departments.

Team West Highland whole staff team meetings have continued to be held monthly and throughout the year quarterly staff satisfaction pulse surveys were sent out to all staff, to gather staff satisfaction feedback. The staff pulse survey results were shared with all staff at the Team West Highland meetings.

The Association also held a staff conference at SAMS, Dunbeg at the end of June 2023 and there was a similar staff conference at the end of June 2024.

Performance

The Performance & Health & Safety Committee monitors performance in terms of operations, business services and asset management on behalf of the main Board. A range of financial ratios and indicators were produced on a quarterly basis for the Audit & Risk Committee. The performance information was used by both Committees to monitor how the organisation is performing and, more importantly, initiate corrective action in underperforming areas.

The Association reports to the Scottish Housing Regulator each year on performance that is required for the Annual Return on Charter. To ensure the Board has some external assurance regarding the data, an external validator is used. This provides some additional assurance for the Board but also provides the staff team with challenge around their understanding of ARC definitions and their collection of data.

This year the Association's overall operational performance has remained at a similar high level to last year and generally compared favourably when benchmarked against other organisations. In particular, tenant satisfaction has increased across all performance indicators.

To draw on some specific areas:

- **Allocations**

In 2023/2024 there were 64 allocations, of which 7 were mutual exchanges.

- **Voids**

Our void performance has continued to be at an excellent level.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD 31 March 2024

- **Rents**

We know that the Association's rents are higher than other Argyll Registered Social Landlord (RSL's). There are several reasons for this to do with build date, type of stock and size of house and we know that our new build rents are set at a similar level to other RSL's. The Association has been utilising a rent tool developed by consultants which provides a deeper level of understanding of the issues around rent affordability and to also utilise the affordability information during Board discussions.

- **Compliance/Health & Safety**

The Association has continued to provide a Compliance Update Report on a quarterly basis to Performance Health & Safety Committee. Performance in key compliance areas has continued to improve over the course of the year.

- **Maintenance**

The Association has taken a prudent approach in terms of its planned maintenance both in the short/medium term and over the 30 years of the Business Plan.

During 2023/2024 the Association committed significant capital investment into 16 properties at Pier View, Tiree. The works included the decant of tenants whilst works were undertaken at each property and included whole house internal wall insulation being installed. The results are a vast improvement in the energy efficiency performance of these properties. The capital works were supported by 50% grant funding provided by the Scottish Government's Net Zero Fund.

Focus has continued around damp, mould and condensation. A number of improvements continued to be made around both reporting and monitoring of reports made by tenants, and this is reported on a regular basis to both Board and the Performance & Health & Safety Committee.

2023/2024 represented the first full financial year of operating a new contract for routine, void and emergency repairs for most areas of operation for the Association. Satisfaction has steadily improved during this time and in particular, feedback from tenants has focused on the positive attitude of the repair operatives.

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REPORT OF THE BOARD 31 March 2024

Information on our Key Performance Indicators is given in the table below.

Key Performance Indicator	Performance 2023/24	Target 2023/24	Performance 2022/23
Financial Health			
Percentage of rent due lost through properties being empty	0.31%	0.40%	0.13%
Gross rent arrears (all tenants) as a percentage of rent due	1.84%	4.00%	2.27%
Service Quality			
Average re-let time (calendar days)	13.23 days	8 days	7 days
Average length of time taken to complete emergency repairs	3.58 hours	12 hours	4.1 hours
Average length of time taken to complete non-emergency repairs	9.62 days	6.5 days	7.4 days
Percentage of reactive repairs carried out in the last year completed right first time	74.00%	90.0%	85.8%
Percentage of Anti-Social Behaviour cases reported and resolved	78.57%	95.0%	100.0%
Percentage of tenants who feel the rent for their property represents value for money	83.8%	80.0%	79.4%
Stock Quality			
Percentage of stock meeting the Scottish Housing Quality Standard (SHQS)	95.48%	99.0%	91.3%
Percentage of properties meeting the Energy Efficiency Standard Social Housing (ESSH)	96.34%	97.0%	98.7%
Access to Housing and Support			
Percentage of new tenancies sustained for more than one year	86.76%	90.0%	93.3%

WHA sets challenging key performance indicators annually, as we strive to continuously improve services and our performance compares well across the sector.

During the year market conditions strained our repairs service in relation to materials and labour, resulting in poorer than expected performance. We successfully introduced a new repairs contract with Argyll Homes For All which will see its first full year during 2024/25. We expect to see the benefits of this, both in repairs performance and customer satisfaction, next year.

We experienced some turnover in specialist accommodation during 2023/24 impacting on overall lettings and void performance however performance continues to outperform sector averages.

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REPORT OF THE BOARD 31 March 2024

Information for auditor

As far as the Board is aware, there is no relevant audit information of which the auditor is unaware and the Board has taken all the steps it ought to have taken to make itself aware of any relevant audit information and to ensure that the auditor is aware of any such information.

The members of the Board who held office at the date of approval of this report of the Board confirm that, so far as they are aware, there is no relevant audit information of which the Association's auditor is unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Going Concern

The Board has reviewed the results for this year and has also reviewed the projections for the next five years and believes that there is a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Auditor

A resolution to re-appoint the Auditor, RSM UK Audit LLP, will be proposed at the Annual General Meeting.

This report was approved by the Board on 23 August 2024.

Board Member

Signed by:

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28/8/2024 | 17:32 BST

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

STATEMENT OF THE BOARD'S RESPONSIBILITIES under the Co-operative and Community Benefit Societies Act 2014 for a registered social landlord 31 March 2024

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for instituting adequate systems of internal control and for:

- safeguarding assets;
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board 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 2010 and the Determination of Accounting Requirements – February 2019.

This statement was approved by the Board on 23 August 2024 and signed on its behalf.

Board Member

28/8/2024 | 17:32 BST

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

BOARD STATEMENT ON INTERNAL FINANCIAL CONTROL 31 March 2024

The Board 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 Board's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement 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 Board 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 Board;
- the Board 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 and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2024. 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 independent auditor's report on the financial statements.

This statement was approved by the Board on 23 August 2024 and signed on its behalf.

Board Member

28/8/2024 | 17:32 BST

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST HIGHLAND HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of West Highland Housing Association Limited (the 'Association') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cashflows, Statement of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect of going concern are described in the relevant sections of this report.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST HIGHLAND HOUSING ASSOCIATION LIMITED (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 11, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST HIGHLAND HOUSING ASSOCIATION LIMITED (continued)

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Housing SORP 2018, the Housing (Scotland) Act 2010 and 2014, and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and the Co-operative and Community Benefit Societies Act 2014. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Scottish Housing Regulator's Regulatory Framework (published 2019) and Housing (Scotland) Acts 2006 and 2014. We performed audit procedures to inquire of management whether the Association is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud

For management override of controls, the audit procedures included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

For revenue recognition, the audit procedures included but were not limited to performing substantive analytics over rental income and detailed testing of other income streams, focusing on the existence and valuation of income recognised.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST HIGHLAND HOUSING ASSOCIATION LIMITED (continued)

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date 30/08/24

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITOR TO THE MEMBERS OF WEST HIGHLAND HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 12 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. 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 reason given for non-compliance.

Opinion

In our opinion the Board Statement on Internal Financial Control on page 12 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory 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.

RSM UK Audit LLP

RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor,
2 Semple Street
Edinburgh
EH3 8BL

Date 30/08/24

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2024

	Notes	2024 £'000	2023 As restated £'000
Turnover	2	6,104	6,361
Operating costs	2	<u>(4,895)</u>	<u>(5,553)</u>
Operating surplus	2	1,209	808
Interest receivable and other income		141	40
Interest and financing costs	9	(601)	(473)
Other finance charges		<u>(3)</u>	<u>(1)</u>
Surplus on ordinary activities before tax		<u>(463)</u>	<u>(434)</u>
Surplus on ordinary activities before tax		746	374
Taxation		<u>-</u>	<u>-</u>
Surplus for the year		746	374
Actuarial losses on defined benefit pension plan	21	<u>(175)</u>	<u>(60)</u>
Total comprehensive (loss)/ income for the year		<u><u>571</u></u>	<u><u>314</u></u>

The notes on pages 22 to 47 form part of the financial statements.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION as at 31 March 2024


	Notes	2024		2023
		£'000	£'000	As restated £'000
Non-Current Assets				
Housing property - depreciated cost	11		75,661	71,676
Other non-current assets	12		<u>1,371</u>	<u>1,442</u>
			77,032	73,118
Investments				
Investment in subsidiaries	13		<u>-</u>	<u>-</u>
			77,032	73,118
Current Assets				
Work in progress	14	1,679		539
Receivables	15	1,017		952
Cash investments		1,990		3,155
Cash at bank and in hand		<u>2,594</u>		<u>3,187</u>
		7,280		7,833
Payables: amounts falling due within one year	16	<u>(3,989)</u>		<u>(3,337)</u>
Net Current Assets			<u>3,291</u>	<u>4,496</u>
Total Assets less Current Liabilities			80,323	77,614
Payables due after one year	17		(10,539)	(11,089)
Deferred income	18		(56,160)	(53,650)
Pension liability	21		<u>(240)</u>	<u>(62)</u>
Net Assets			<u>13,384</u>	<u>12,813</u>
Equity				
Share capital	19		-	-
Revenue reserve	20		<u>13,384</u>	<u>12,813</u>
			<u>13,384</u>	<u>12,813</u>

These financial statements were approved by the Board on 23 August 2024 and signed on its behalf by:


Board Member 28/8/2024 | 17:32 BST

 C744C8E8810D428

Board Member 27/8/2024 | 16:51 BST

 F1CFAD098477441
Signed by:

Secretary 27/8/2024 | 16:44 BST



The notes on pages 22 to 47 form part of the financial statements.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

STATEMENT OF CASHFLOWS for the year ended 31 March 2024

	2024		2023	
	£'000	£'000	£'000	As restated £'000
Surplus for the year		746		374
<i>Adjustments for non-cash items</i>				
Depreciation	1,891		2,195	
Loss on disposal of components	36		21	
Amortisation of capital grants	(1,013)		(1,172)	
Gain on disposal of properties	(132)		-	
Share capital written off	-		-	
Pension deficit payments	-		(37)	
		782		1,007
Interest received		(141)		(40)
Interest paid		604		473
Operating cash flows before movements in working capital		1,991		1,814
Increase in work in progress	(1,140)		(136)	
(Increase)/decrease in debtors	(65)		47	
Increase in creditors	660		1,018	
		(545)		929
Net cash inflow from operating activities		1,446		2,743
Investing activities				
Acquisition and construction of properties	(5,849)		(3,098)	
Social Housing Grant received	2,490		2,288	
Other grant received	1,055		-	
Proceeds of disposal of properties	159		-	
Social Housing Grant repaid	(22)		-	
Interest received on cash	141		40	
Movement in short-term investment	1,165		(1,117)	
Purchase of other fixed assets	(19)		(343)	
Net cash (outflow) from investing		(880)		(2,230)
Financing activities				
Interest paid on loans	(601)		(474)	
Loan principal repayments	(557)		(614)	
Share capital issued	-		-	
Net cash outflow on financing		(1,158)		(1,088)
Decrease in cash		(593)		(575)
Opening cash and cash equivalents		3,187		3,762
Closing cash and cash equivalents		2,594		3,187
Cash and cash equivalents at 31 March		2,594		3,187

The notes on pages 22 to 47 form part of the financial statements.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY as at 31 March 2024

	Share capital £'000	Revenue reserve £'000	Total £'000
Balance as at 1 April 2022	-	11,461	11,461
Prior period adjustment	<u>-</u>	<u>1,038</u>	<u>1,038</u>
Balance as at 1 April 2022 - As restated	-	12,499	12,499
Issue of shares	-	-	-
Cancellation of shares	-	-	-
Surplus for financial year - as restated	-	374	746
Remeasurement of the defined benefit pension liability	<u>-</u>	<u>(60)</u>	<u>-</u>
Balance as at 31 March 2023	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-
	-	-	-
	-	-	-
	-	746	746
Remeasurement of the defined benefit pension liability	<u>-</u>	<u>(175)</u>	<u>(175)</u>
Balance as at 31 March 2024	<u>-</u>	<u>13,384</u>	<u>13,384</u>

The Association issued 1 share in 2024 (2023: 0).

The notes on pages 22 to 47 form part of the financial statements.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2024

1.1 Legal Status

West Highland Housing Association (the Association) is a registered non-profit making body organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1691R(S). The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102. The principal activities of the Association are detailed in the Report of the Board on page 3. These accounts are presented in Pounds Sterling (£) which is the functional currency of the Association.

The Association's registered office is Crannog Lane, Oban, Argyll, PA34 4HB.

1.2 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 registered social housing providers 2018. The principal accounting policies of the Association are set out in the paragraphs below.

1.3 Going Concern

The Association prepares annual budgets and five year financial projections together with other long term projections. As a result of this work the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

1.4 Turnover

Turnover is recognised in the year to which it relates. Turnover represents income from lettings and property management, revenue grants and other income together with the amounts amortised on deferred government grants, which are released to income over the expected useful life of the assets to which they relate.

1.5 Social Housing Grants

Social Housing Grants and Other Capital Grants are accounted for using the accrual method as outlined in section 24 of FRS102. Grants are treated as deferred income and recognised as income on a systematic basis over the expected useful life of the structure of the property to which it relates.

Amortisation on social housing grants is credited in line with the depreciation charged on those assets, the policy in respect of housing assets, is not to charge depreciation in the year of capitalisation/acquisition which is a change in accounting policy in the year to 31 March 2023 (see note 29).

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

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2024

1.6 Non-government grants

Non-government grants are accounted for using the performance method as outlined in section 24 of FRS 102 and the SORP 2018. Non-government grants are recognised as income when the performance conditions have been met.

1.7 Pensions

The Association participates in the SHAPS Defined Contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives with the Association.

In respect of the defined benefit scheme, which is closed to new entrants, payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole. In accordance with FRS 102, the Association's share of the scheme assets and liabilities has been separately identified and included in the Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high- quality corporate bond of equivalent term and currency to the liability. The Association's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension scheme.

1.8 Non-Current assets

(i) Housing properties

Housing properties are properties for the provision of social housing or otherwise to provide social benefit and are principally properties available for rent. Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

No depreciation is charged in the year of capitalisation/acquisition of all Housing assets and a full year of depreciation is charged in the year of disposal. This is a change in accounting policy from charging a full year's depreciation in the first year see details in note 29.

Properties are stated at historical cost less accumulated depreciation. Each property has been split between its major component parts which are depreciated on a straight-line basis over their expected economic useful life. The following components and their useful lives have been reviewed and revised to ensure that they align with the Group and to better reflect the actual use of the assets.

Component	Original estimate	Revised estimate
Land	Not depreciated	Not depreciated
Structure	50 years	65 years
Smoke detectors	10 years	10 years
Roof	45 years	65 years
Render	20 years	65 years
Heating	15 years	15 years
Hot water cylinder	30 years	30 years
External doors	20 years	30 years
Windows	30 years	30 years
Bathroom	30 years	30 years
Kitchen	15 years	15 years

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2024

(ii) Works to existing properties

Works to existing properties will generally be capitalised under the following circumstances:

- Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored, or material reduction in future maintenance costs, or
- Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

(iii) Other Non-current assets

Other non-current assets are stated at cost less accumulated depreciation and impairment. The other non-current assets, other than land, are written off at rates calculated to write off the cost of each asset less any grant received evenly over their expected useful economic lives as follows:

Land	Not depreciated
Office Property	Over 50 years
Plant and equipment	5% straight line
Furniture & equipment	20% reducing balance
Motor vehicles	25% reducing balance

1.9 Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist the Association estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

1.10 Stock and work in progress

Completed properties and property under construction for outright sale are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. In respect of mixed tenure developments, the allocation of costs and the related grant is based on the amounts included in the original grant application.

Net realisable value is based on estimated sale price after allowing for all further costs of completion and disposal.

Shared equity transactions are grants received from the grant awarding body and passed onto an eligible beneficiary. The grant awarding body has a benefit of a fixed charge on the property. This entitles the grant awarding body to a share of the proceeds on the sale of the property by the beneficiary.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2024

1.11 Financial Instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Association becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Association transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2024

Derecognition of financial liabilities

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.12 Apportionment of management expenses

Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts. The allocation of management costs between rented and shared ownership properties has been calculated in proportion of the amount of rental income received.

1.13 Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements. First tranche shared ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the income and expenditure account, in accordance with the SORP.

Disposals under shared equity schemes are accounted for in the income and expenditure account.

1.14 Lease obligations

Rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

1.15 Value added tax

The Association is VAT registered and is included within the Link VAT Group. As the major part of the Association's income is exempt, expenditure is shown inclusive of VAT.

1.16 Estimation Uncertainty and key judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying West Highland Housing 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:

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.

Life cycle of components

The Association estimates the useful lives of major components of its housing property with reference to experience within the housing association sector and to expected design life for components

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2024

1.16 Estimation Uncertainty and key judgements (continued)

Useful life of properties plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge for depreciation based on this.

Development cost of housing property

The Association assesses the value of the work in progress in respect of the development cost of shared equity properties for sale against the expected sale proceeds to establish whether any impairment charge is required.

Classification of commercial properties

The Association has reviewed the classification of its surplus office accommodation properties and concluded that these are correctly included within its property plant and equipment assets rather than as investment properties.

Pension scheme liabilities

The SHAPS pension scheme liability is valued in these financial statements by an independent actuary. The assumptions used are reviewed by the Board of Management and considered appropriate. Assumptions include estimates of mortality, salary inflation, inflation and discount rates. There are also judgements in respect of the allocation of assets and liabilities in SHAPS as a multi-employer pension scheme.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2024

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

	Turnover	Operating Costs	2024 Operating Surplus	2023 As restated Operating Surplus
	£'000	£'000	£'000	£'000
Affordable letting activities (note 3)	5,611	(4,409)	1,202	820
Other activities (note 4)	<u>493</u>	<u>(486)</u>	<u>7</u>	<u>(12)</u>
Total for 2024	<u><u>6,104</u></u>	<u><u>(4,895)</u></u>	<u><u>1,209</u></u>	<u><u>808</u></u>
Total for 2023 - As restated	<u><u>6,361</u></u>	<u><u>(5,553)</u></u>	<u><u>808</u></u>	

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2024

3 Particulars of turnover, operating costs and operating surplus or deficit from affordable lettings activities

	General Needs Housing	Shared Ownership Housing	2024 Total £'000	2023 As restated Total £'000
	£'000	£'000		
Revenue from lettings				
Rent receivable net of service charges	<u>4,558</u>	<u>42</u>	<u>4,600</u>	<u>4,362</u>
Gross income from rent and service charges	4,558	42	4,600	4,362
Less: Rent losses from voids	<u>(23)</u>	<u>-</u>	<u>(23)</u>	<u>(9)</u>
Net income from rents and service charges	4,535	42	4,577	4,353
Grants released from deferred income	979	10	989	1,172
Revenue grants from Scottish Ministers	45	-	45	38
Release of deferred income	<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>
Total turnover from affordable letting activities	<u>5,559</u>	<u>52</u>	<u>5,611</u>	<u>5,601</u>
Expenditure on affordable letting activities				
Management and maintenance administration costs	1,416	5	1,421	1,315
Service costs	-	-	-	2
Planned and cyclical maintenance including major repair costs	352	-	352	545
Reactive maintenance costs	921	-	921	778
Bad debts - rents and service charges	10	-	10	17
Depreciation of affordable let properties	1,789	13	1,802	2,115
Loss on disposal of components	36	-	36	21
(Gain) on disposal of housing properties	<u>-</u>	<u>(133)</u>	<u>(133)</u>	<u>(12)</u>
Operating costs of affordable letting activities	<u>4,524</u>	<u>(115)</u>	<u>4,409</u>	<u>4,781</u>
Operating surplus for affordable letting activities	<u>1,035</u>	<u>167</u>	<u>1,202</u>	<u>820</u>
Operating surplus for affordable letting activities for previous year - restated	<u>783</u>	<u>37</u>	<u>820</u>	

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2024

4 Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers £'000	Other income £'000	Total turnover £'000	Other operating costs £'000	2024 Operating surplus / (deficit) £'000	2023 As restated Operating surplus / (deficit) £'000
Wider role activities	-	-	-	(2)	(2)	-
Development and construction of property activities (see note below)	-	-	-	-	-	(2)
Energy supply and RHI grant	137	96	233	(233)	-	-
Other rental income	-	49	49	(36)	13	5
Agency/management services for other housing associations	-	172	172	(172)	-	-
Donations	-	-	-	(5)	(5)	(15)
Other income	-	39	39	(38)	1	-
	<u>137</u>	<u>356</u>	<u>493</u>	<u>(486)</u>	<u>7</u>	<u>(12)</u>
 Total from other activities for the previous year	 <u>193</u>	 <u>567</u>	 <u>760</u>	 <u>(772)</u>	 <u>(12)</u>	

Note - Development and construction of property activities consisted of the development and sale of shared equity properties.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

5 EMPLOYEE INFORMATION

	2024	2023
	£'000	£'000
Staff costs during year		
Wages and salaries	1,043	961
Social security costs	102	100
Other pension costs	<u>62</u>	<u>58</u>
	<u><u>1,207</u></u>	<u><u>1,119</u></u>
The average number of persons employed by the Association during the year were as follows:	No.	No.
Full time equivalent	<u><u>30</u></u>	<u><u>27</u></u>

6 KEY MANAGEMENT PERSONNEL

Key management personnel, during the year, are defined as the

Chief Executive	Brett Sadler
Partnership Lead	Moira MacVicar (retired May 2023)
Director of Finance and Business Support	Linda Hoar
Director of Customer Experience	Michael Driscoll

Aggregate emoluments payable to employees with emoluments greater than £60,000 (excluding pension contributions) were:

	2024	2023
	£'000	£'000
Emoluments (excluding pension contributions)	<u>217</u>	<u>126</u>
Total emoluments	<u><u>232</u></u>	<u><u>135</u></u>

The number of key management personnel whose emoluments exceed £60,000 (excluding pension) are shown within the following bands:

	No.	No.
£60,001 to £70,000	2	2
£70,001 to £80,000	-	-
£80,001 to £90,000	1	-
£90,001 to £100,000 (see below)	-	1

For 2023 the emoluments of retiring Chief Executive and the new Chief Executive have been aggregated to reflect the total for the role.

	£'000	£'000
Emoluments payable to Chief Executive		
Emoluments excluding pension contributions	86	93
Employer's pension contributions	<u>6</u>	<u>7</u>
	<u><u>92</u></u>	<u><u>100</u></u>

For 2023 the figures include both retiring Chief Executive and new Chief Executive

Total emoluments paid to key management personnel	<u><u>238</u></u>	<u><u>265</u></u>
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WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

Board member emoluments

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

7 SURPLUS FOR FINANCIAL YEAR

	2024	2023
	£'000	As restated £'000
Surplus is stated after charging/(crediting):-		
Depreciation - tangible owned fixed assets	1,891	2,196
Loss on disposal of components	36	21
Remuneration of auditor for audit services	16	16
Remuneration to auditor for tax compliance services	3	2
Operating lease rentals - other	7	9
(Gain)/Loss on disposal of housing property	<u>(133)</u>	<u>(12)</u>

8 GAIN ON SALE OF HOUSING STOCK

	2024	2023
	£'000	£'000
Sale proceeds	158	12
Cost of sales	<u>(25)</u>	<u>-</u>
Gain on sale of housing stock	<u>133</u>	<u>12</u>

9 INTEREST PAYABLE

	2024	2023
	£'000	£'000
Loan interest payable	<u>601</u>	<u>473</u>

No interest has been capitalised.

10 TAXATION

The Association is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2012 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Association is potentially exempt from taxation in respect of income and capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

11 NON-CURRENT ASSETS HOUSING PROPERTY

	Letting properties			
	Held for letting £'000	Under construction £'000	Shared ownership £'000	Total £'000
Cost				
As at 1 April 2023 - original	93,420	5,673	633	99,726
Prior period adjustment	<u>246</u>	<u>-</u>	<u>-</u>	<u>246</u>
As at 1 April 2023 -as restated	93,666	5,673	633	99,972
Additions during the year	2,557	3,292	-	5,849
Disposals during the year	<u>(98)</u>	<u>-</u>	<u>(51)</u>	<u>(149)</u>
As at 31 March 2024	<u>96,125</u>	<u>8,965</u>	<u>582</u>	<u>105,672</u>
Depreciation				
As at 1 April 2023 - original	30,246	-	338	30,584
Prior period adjustment	<u>(2,276)</u>	<u>-</u>	<u>(12)</u>	<u>(2,288)</u>
As at 1 April 2023 - as restated	27,970	-	326	28,296
Provided for year	1,795	-	7	1,802
Eliminated on disposals	<u>(61)</u>	<u>-</u>	<u>(26)</u>	<u>(87)</u>
As at 31 March 2024	<u>29,704</u>	<u>-</u>	<u>307</u>	<u>30,011</u>
Net Book Value				
As at 31 March 2024	<u>66,421</u>	<u>8,965</u>	<u>275</u>	<u>75,661</u>
As at 1 April 2023 (as restated)	<u>63,420</u>	<u>5,673</u>	<u>295</u>	<u>71,672</u>

Total works expenditure on existing housing properties amounted to £2,702k (2023: £976k) of which £1,649k (2023: £596k) was capitalised in respect of component replacements and £908k (2023: £108k) was capitalised in respect of improvements. The remaining £145k (2023: £272k) was included as major repairs expenditure through the Statement of Comprehensive Income.

There were no amounts capitalised, during the year, in respect of loan interest (2023: nil).

The Association's lenders have standard securities over housing property with a net book value of £44,612k (2023: £45,492k).

The cost of land within housing property was £8,701k (2023: £8,046k).

All land and buildings included above are wholly owned by the Association.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

12 NON-CURRENT ASSETS

OTHER TANGIBLE FIXED ASSETS

	Office property £'000	Plant & equipment £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost					
As at 1 April 2023	695	1,372	291	27	2,385
Additions	<u>-</u>	<u>2</u>	<u>16</u>	<u>-</u>	<u>18</u>
Disposals	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>(9)</u>
As at 31 March 2024	<u>695</u>	<u>1,374</u>	<u>298</u>	<u>27</u>	<u>2,394</u>
Depreciation					
As at 1 April 2023	238	426	255	24	943
Disposals	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>(9)</u>
Charge for year	<u>12</u>	<u>69</u>	<u>7</u>	<u>1</u>	<u>89</u>
As at 31 March 2024	<u>250</u>	<u>495</u>	<u>253</u>	<u>25</u>	<u>1,023</u>
Net book value					
As at 31 March 2024	<u>445</u>	<u>879</u>	<u>45</u>	<u>2</u>	<u>1,371</u>
As at 1 April 2023	<u>457</u>	<u>946</u>	<u>36</u>	<u>3</u>	<u>1,442</u>

13 INVESTMENTS

	2024 £	2023 £
Share in West Highland Futures Limited	<u>1</u>	<u>1</u>
As at 31 March	<u>1</u>	<u>1</u>

West Highland Futures Limited is a wholly owned subsidiary of the Association. During the year West Highland Futures Limited made a profit of £32k (2023: £17k), which was carried forward to reserves, bringing total reserves to £108k (2023: £76k).

In the opinion of the Board the aggregate value of the assets of the subsidiary is not less than the aggregate of the amount at which those assets are stated in the Association's Statement of Financials. A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report. Position.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

14 WORK IN PROGRESS

	2024 £'000	2023 £'000
As at 1 April	539	403
Expenditure on development properties	1,140	475
Cost of sales transferred to expenditure	-	(339)
	1,679	539

These amounts relate to the development cost of shared equity properties which are held for sale.

15 RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £'000	2023 £'000
Arrears of rent and service charges	149	125
Bad debt provision	(61)	(64)
	88	61
Social Housing Grant	575	605
Other receivables	209	140
Amounts due from group undertakings	145	146
	1,017	952

16 PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £'000	2023 £'000
Housing loans (see note 17)	548	555
Trade payables	502	853
Rent in advance	93	76
Shared equity grant	1,064	448
Social Housing Grant repayable	409	362
Other taxation and social security	24	26
Amounts due to group undertakings	473	346
Accruals and deferred income	876	671
	3,989	3,337

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

17	PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR	2024	2023
		£'000	£'000
	Housing loans	<u>10,539</u>	<u>11,089</u>
	In respect of loans above:		
	within one year	548	555
	within one to two years	572	555
	within two to five years	1,865	1,816
	in five years or more	<u>8,102</u>	<u>8,718</u>
		11,087	11,644
	Less amounts shown in current payables	<u>(548)</u>	<u>(555)</u>
		<u>10,539</u>	<u>11,089</u>
	Analysis of housing loans		
		2024	2023
		£'000	£'000
	Fixed rate		
	Advanced by banks	4,541	4,722
	Advanced by building societies	-	-
	Advanced by other institutions	776	822
	Variable rate		
	Advanced by banks	4,672	4,927
	Advanced by building societies	1,098	1,173
	Advanced by other institutions	-	-
		<u>11,087</u>	<u>11,644</u>

Interest on the loans was charged at rates between 2.9% and 7.1% (2023: between 2.9% and 6%)

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

18 DEFERRED INCOME

	2024 £'000	2023 £'000
Social Housing Grants		
Balance as at 1 April 2023 - original	49,426	48,410
Prior period adjustment	<u>3,280</u>	<u>3,077</u>
Balance as at 1 April 2023 - as restated	51,100	49,881
Additions in year	2,490	2,288
Released as a result of land and property disposal	(23)	-
Amortisation during year	(996)	(1,069)
Transfer	1,606	-
Balance as at 31 March 2024	<u>54,177</u>	<u>51,100</u>
Other Grants		
Balance as at 1 April 2023	2,550	2,652
Additions in year	1,055	-
Amortisation during year	(17)	(102)
Transfer	<u>(1,605)</u>	<u>-</u>
Balance as at 31 March	<u>1,983</u>	<u>2,550</u>
Total Deferred Income	<u><u>56,160</u></u>	<u><u>53,650</u></u>
This is expected to be released to the Statement of Comprehensive Income as follows:		
Amount due to be released within one year	1,385	1,385
Amount due to be released after one year	<u>54,775</u>	<u>50,591</u>
Total	<u><u>56,160</u></u>	<u><u>53,650</u></u>

19 SHARE CAPITAL

	2024 No,	2023 No
Shares of £1 fully paid and issued		
As at 1 April	100	100
Issued in year	1	-
Cancelled in year	<u>(41)</u>	<u>-</u>
As at 31 March	<u><u>60</u></u>	<u><u>100</u></u>

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

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

20 RESERVES

The Revenue reserve represents the accumulated annual surpluses of the Association.

21 PENSIONS

Defined Contribution Scheme

The Association offers all staff membership of the SHAPS Defined Contribution Scheme, with employer contribution rates of up to 8% of pensionable salaries.

As at the year-end, there were 27 active members (2023: 26) of the Defined Contribution Scheme employed by the Association. Employer contributions during the year amounted £62k (2023: £58k). As at the year-end there were outstanding contributions of £14k (2023: £10k) which were payable to the fund and are included in creditors.

Defined Benefit Scheme

West Highland Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A Recovery Plan has been put in place to eliminate the deficit which ran until 30 September 2022.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

21 PENSIONS - (continued)

Fair Value of Plan Assets, Present Value of Defined Benefit Obligation and Defined Benefit Asset/(Liability)

	2024 £'000	2023 £'000
Fair value of plan assets	1,339	1,376
Present value of benefit obligation	<u>(1,579)</u>	<u>(1,438)</u>
Deficit in the plan	(240)	(62)
Other amounts recognised	-	-
Defined benefit liability to be recognised	<u><u>(240)</u></u>	<u><u>(62)</u></u>

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	2024 £'000	2023 £'000
Opening Defined Benefit Obligation	1,438	2,292
Expenses	2	2
Interest Expense	70	62
Actuarial Losses (Gains) due to scheme experience	88	(77)
Actuarial Losses (Gains) due to changes in demographic assumptions	(9)	(32)
Actuarial Losses (Gains) due to changes in financial assumptions	31	(709)
Benefits Paid	<u>(41)</u>	<u>(100)</u>
Closing Defined Benefit Obligation	<u><u>1,579</u></u>	<u><u>1,438</u></u>

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	2024 £'000	2023 £'000
Opening Fair Value of Scheme Assets	1,376	2,252
Experience on plan assets (excluding amounts included in interest income) - gain	67	61
Interest income	(65)	(878)
Employer Contributions	2	41
Benefits Paid	(41)	(100)
Administration costs	-	-
Closing Fair Value of Scheme Assets	<u><u>1,339</u></u>	<u><u>1,376</u></u>

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was £2,000.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

21 PENSIONS (continued)

Defined Benefit Costs recognised in Statement of Comprehensive Income

	2024 £'000	2023 £'000
Administration costs	2	2
Net interest on net defined benefit obligation	<u>3</u>	<u>1</u>
Costs recognised in Statement of Comprehensive Income	<u><u>5</u></u>	<u><u>3</u></u>

Defined Benefit Costs recognised in Other Comprehensive Income

	2024 £'000	2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(65)	(878)
Experience gains and losses arising on the plan liabilities - gain (loss)	(88)	77
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	9	32
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	<u>(31)</u>	<u>709</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(175)	(60)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	<u>-</u>	<u>-</u>
Total amount recognised in Other Comprehensive Income - gain (loss)	<u><u>(175)</u></u>	<u><u>(60)</u></u>

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

21 PENSIONS (continued)

The major categories of Scheme assets as a total of plan assets are as follows:

	2024 £'000	2023 £'000
Global Equity	154	36
Absolute Return	60	19
Distressed Opportunities	49	42
Credit Relative Value	47	53
Alternative Risk Premia	48	8
Emerging Market Debt	24	11
Risk Sharing	80	100
Insurance linked securities	8	38
Property	57	57
Infrastructure	128	148
Private Equity	1	-
Private Debt	54	61
Opportunistic Illiquid Credit	53	61
High Yield	-	7
Opportunistic Credit	-	-
Cash	35	6
Corporate Bond Fund	-	2
Liquid Credit	-	-
Long Lease Property	10	46
Secured Income	45	92
Over 15 Year Gilts	-	-
Liability Driven Investments	485	583
Currency Hedging	(1)	3
Net Current Assets	2	3
Total	<u>1,339</u>	<u>1,376</u>

None of the fair values of the assets shown above include any direct investments in the Association's own financial instruments or any property occupied by, or other assets used by, the Association.

Principal Actuarial Assumptions	2024	2023
Discount rate	4.80%	4.95%
Inflation (RPI)	3.40%	3.40%
Inflation (CPI)	2.95%	2.90%
Salary Growth	3.10%	2.00%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following expectancies:

	Life expectancy at the age of 65
Male retiring in 2024	20.2 years
Female retiring in 2024	22.7 years
Male retiring in 2044	21.4 years
Female retiring in 2044	24.1 years

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

22 CASHFLOWS

Reconciliation of net cashflow to movement in net debt

	2024		2023	
	£'000	£'000	£'000	£'000
Increase in cash	(593)		(575)	
Change in liquid resources	(1,165)		1,117	
Cashflow from change in net debt	<u>557</u>		<u>614</u>	
Movement in net debt during the year		(1,201)		1,156
Net debt at 1 April		<u>(5,302)</u>		<u>(6,458)</u>
Net debt at 31 March		<u><u>(6,503)</u></u>		<u><u>(5,302)</u></u>

Analysis of changes in net debt	1 April 2023	Cashflows	Other changes	31 March 2024
Cash and cash equivalents	3,187	(593)	-	2,594
Liquid resources	3,155	(1,165)	-	1,990
Debt : due within 1 year	(555)	-	7	(548)
due after one year	<u>(11,089)</u>	<u>557</u>	<u>(7)</u>	<u>(10,538)</u>
Net debt	<u><u>(5,302)</u></u>	<u><u>(1,201)</u></u>	<u><u>-</u></u>	<u><u>(6,503)</u></u>

23 OBLIGATIONS UNDER LEASES

The future minimum payments under non-cancellable operating leases are as follows:

	2024 £'000	2023 £'000
Within one year	7	7
In two to five years	5	12
In over five years	-	-
	<u><u>12</u></u>	<u><u>19</u></u>

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

24 OPERATING LEASE ARRANGEMENTS AS LESSOR

The Association leases surplus office space. Future minimum rentals receivable under these leases are as follows:

	2024 £'000	2023 £'000
Within one year	8	5
In two to five years	8	-
over five years	8	-
	24	5

25 CAPITAL COMMITMENTS

As at the year end the Association had capital commitments in respect of amounts contracted for but not provided for in these financial statements as follows:

	2024 £'000	2023 £'000
Contracted but not provided for	7,332	6,514

This expenditure will be funded by Social Housing Grant, by loans secured on the Association's developments and from accumulated reserves.

26 CONTINGENT LIABILITY

In connection with the initial development of 75 properties at Dunbeg, which was carried out in partnership with Link Housing Association, the Association has entered into bonds in favour of Argyll and Bute Council for the amount of £50,000. The bonds relate to an obligation imposed under the development's planning conditions for the construction of playparks for community recreation within five years of the commencement of the development. Although the necessary conditions have been met to release the bonds as at 31 March 2024, the related approval from the Council is still awaited.

The Association has been notified by the Trustee of the Scheme that it has performed a review comparing the benefits provided to scheme members over recent years with the requirements of the Scheme documentation. Due to uncertainty as to the effect of some benefit changes, the Trustee has been advised by lawyers to seek clarification from the Court on potential changes to the pension liability. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the ongoing Court process is known (which is currently expected to be February 2025), it is not possible to calculate the impact on the liabilities of this issue with any accuracy, particularly on an individual employer basis, for the purposes of the 31 March 2024 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

27 HOUSING STOCK

The number of units in management 31 March was as follows:-

	2024 No.	2023 No.
Property for rent	819	819
Shared ownership	13	14
Property for rent managed for Link Housing Association	310	234
Rent to buy *	44	46
	1,186	1,113

* the rent to buy properties are managed by the Association on behalf of Link Housing Association

28 RELATED PARTIES

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

The related party relationships of the members of the Board are summarised as set out below.

Board members cannot use their position to their advantage and any transactions between the Association and any entity with which a Board member has a connection is made at arm's length and under normal commercial terms.

There were no members of the Board (2023: 1), who were tenants of the Association. During the financial year the rent charged to Board members was £nil (2023: £4,594). As at 31 March 2024, there were no amounts due to the Association (2023: nil).

Board members Luna Martin and Dougie McFadzean are or were councillors with Argyll and Bute Council. Any transactions with Argyll and Bute Council are carried out at arm's length, on normal commercial terms and none of the above councillors can use their position to their advantage. Councillors who are members of the Board declare their interests relating to relevant decisions taken by the Association

As a wholly owned subsidiary of Link Group Limited the Association is exempt from the requirements of FRS 102 to disclose details of transactions with other members of the group headed by Link Group Limited, Link House, 2C New Mart Road, Edinburgh, EH14 1RL.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

29. PRIOR PERIOD ADJUSTMENT - CHANGE IN DEPRECIATION POLICY

During the year, the Link Group Board and subsidiary Boards reviewed asset policies. The review was conducted to ensure harmonisation and accuracy across the Group and to ensure the current policies were still fit for purpose.

Following review, it was decided to amend the timing of the depreciation charge for newly acquired or constructed assets. The previous policy mandated a full year's depreciation charge in the first year of an asset's acquisition or construction. The revised policy now stipulates that no depreciation will be charged in the year of acquisition, with depreciation commencing from the beginning of the following financial year, and a full year charged in the year of disposal.

The change in policy better aligns the depreciation charge with the actual usage and economic benefit derived from the asset. As assets are generally acquired or completed during the financial year, a full year's depreciation charge does not accurately reflect the period during which the asset is in use and generating economic benefits for the association. By deferring the depreciation charge to the year following acquisition, the expense more accurately reflects the asset's usage over its economic life.

In respect of the Association, as a result of this change in accounting policy, depreciation and amortisation has been restated resulting, for all periods up to the year ended 31 March 2022, in a decrease in depreciation charged of £2,337k and a decrease in grant amortisation credited of £1,471k, which increased housing properties net book value by £2,337k and the deferred income balance by £1,471k respectively. This culminates in a net increase in the reserves brought forward at 1 April 2023 of £866k.

The changes in the year ended 31 March 2023 resulted in a decrease in depreciation charged of £50k and a decrease in grant amortisation credited of £203k, which increased housing properties net book value by £48k and the deferred income balance by £203k respectively. This culminates in a net decrease in the reserves of £155k. The cumulative adjustment to reserves is £711k.

Further to the above following the review, it was noted that West Highland Housing Association did not capitalise smoke detectors, which was not in line with the rest of the group. A prior year adjustment has been recorded to capitalise the Association's smoke detectors, resulting in an increase to Housing Properties cost of £246k and accumulated depreciation of £74k in the year ended 31 March 2022. This resulted in a net increase to reserves of £174k.

Depreciation in the year ended 31 March 2023 increased by £24k which in turn reduced reserves by £24k.

Without the changes to the depreciation policy and estimates the charge for housing property depreciation for 2024 would have been £2,203k and after incorporating the changes the charge was £1,802k giving an increase in reserves of £401k. Similarly, for the amortisation of housing grant, without the changes, the grant released from deferred income for 2024 would have been £1,482k and after taking on the changes the grant released was £989k giving a reduction in reserves of £493k. The overall impact was a reduction in reserves of £92k.

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

29 PRIOR PERIOD ADJUSTMENT - CHANGE IN DEPRECIATION POLICY (continued)

Changes to the statement of financial position

	As previously reported		Adjustment as at		Total	As restated
	31.03.22	31.03.23	31.03.22	31.03.23	Adjustment	31.03.23
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets						
Housing properties - Cost	<u>96,750</u>	<u>99,726</u>	<u>246</u>	<u>-</u>	<u>246</u>	<u>99,972</u>
Housing properties - Accumulated depreciation	<u>(28,545)</u>	<u>(30,584)</u>	<u>2,263</u>	<u>25</u>	<u>2,288</u>	<u>(28,296)</u>
Housing properties	<u>68,205</u>	<u>69,142</u>	<u>2,509</u>	<u>25</u>	<u>2,534</u>	<u>71,676</u>
Creditors due after one year						
Deferred income	<u>(51,062)</u>	<u>(51,976)</u>	<u>(1,471)</u>	<u>(203)</u>	<u>(1,674)</u>	<u>(53,650)</u>
Net assets	<u>11,461</u>	<u>11,953</u>	<u>1,038</u>	<u>(178)</u>	<u>860</u>	<u>12,813</u>
Capital and reserves						
Retained earnings	<u>11,461</u>	<u>11,953</u>	<u>1,038</u>	<u>(178)</u>	<u>860</u>	<u>12,813</u>

Changes to the income statement

	As previously reported	Adjustment as at	As restated
	31.03.2023	31.03.2023	31.03.2023
	£'000	£'000	£'000
Revenue	6,564	(203)	6,361
Operating costs	(5,578)	25	(5,553)
Total comprehensive income	<u>492</u>	<u>(178)</u>	<u>314</u>

WEST HIGHLAND HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2024

30. ULTIMATE CONTROLLING PARTY

The Association's parent undertaking as at 31 March 2024 was Link Group Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014, registered with the Financial Conduct Authority, registration number 1481RS. Link Group Limited exercises dominant control through its ability to control the majority of the membership of the Board.

The accounts of West Highland Housing Association are consolidated within the consolidated accounts of Link Group Limited. The registered office of Link Group Limited and the address from which the consolidated accounts can be obtained from is:

Registered Office
2C New Mart Road
Edinburgh
EH14 1RL

Website
www.linkhousing.org.uk

Email
linkhousing@linkhousing.org.uk

