west lothian
HOUSING PARTNERSHIP

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2014

West Lothian Housing Partnership Limited
(A Charitable Company Limited by Guarantee)

Company No. SC188968
Scottish Charity No. SC031668
Scottish Housing Regulator No. 318

CHAIR'S REPORT

West Lothian Housing Partnership ("WLHP") formally joined the Wheatley Housing Group in July 2013. It has been busy and exciting time for us, as we extend the Wheatley group-wide services to our tenants, got to know our new colleagues and adapted to new ways of working. I would like to thank the WLHP Board for its efforts for making this transition possible and to the staff for embracing the change.

WLHP manages 381 homes across the West Lothian area – most of which are less than 10 years old. We will be moving to our new housing office in Bathgate later this year to bring us closer to our tenants. We have three housing officers, who work out and about in our communities.

Joining Wheatley Housing Group is already reaping benefits for our tenants. We are beginning to make savings and efficiencies by sharing costs and central services. We made savings of £86 per unit between 2012/13 and 2013/14. This is allowing us to invest more in our communities and services. Already, we are providing a better deal for tenants through the provision of all the extra services and opportunities that being part of Scotland's largest housing, care and regeneration group brings.

People who live in our homes can already take advantage of Wheatley's handyperson service for help with odd jobs around the home; some have accessed bursaries to help with the cost of going to university or college and all our tenants can talk with a Welfare Benefits or Fuel Advisor for support in managing their money and bills.

A further great benefit for our tenants is that they can now report a repair or pay a bill 24-hours a day, seven days a week, thanks to our Customer Service Centre. This is freeing up more of our housing officers' time, meaning they can spend more time out and about in their patch, meeting directly with tenants.

Our commitment to delivering first-class customer services was recognised in July 2014 when WLHP gained Customer Service Excellence (CSE) accreditation at the first attempt. CSE is the national standard for excellence in customer service in public sector organisations overseen by the Government's Cabinet Office. Gaining this recognition for our customer service focus is a real tribute to our team of five hard-working staff and I'm absolutely delighted we got this at the first time of asking.

Margaret Dunlop
Chair of West Lothian Housing Partnership Limited

DIRECTORS' REPORT FOR THE YEAR ENDING 31 MARCH 2014

The Directors present their annual report and the audited financial statements for the year to 31 March 2014.

Principal activities
West Lothian Housing Partnership Limited ("the Partnership") joined the Wheatley Housing Group on 31 July 2013 and is a wholly owned subsidiary of The Wheatley Housing Group Limited ("WHG"). The Partnership is a Registered Social Landlord and a registered Scottish charity No. SC031668. The principal activities are the provision and management of affordable rented accommodation.

OPERATING REVIEW

West Lothian Housing Partnership (WLHP) is one of the newer Wheatley partners. It has been a busy and exciting time for the business, as Wheatley group-wide services are extended to tenants.

Satisfied customers
WLHP holds regular Tenant Satisfaction Surveys to find out how satisfied its customers are with their homes, environments and services. Surveys during the year showed 88% of respondents are satisfied with WLHP as their landlord and 82% are happy with their neighbourhood as a place to live. On repairs, 91% reported being satisfied with the service they received and 77% are satisfied with the way WHLP deals with day-to-day repairs and maintenance. WLHP also resolved more than 90 % of anti-social behaviour cases.

Improving lives in communities
WLHP Housing Officers have been out and about in their neighbourhoods, identifying potential projects as part of their work to improve and strengthen communities and to help people to live better lives.

This is a new role for WLHP Housing Officers and it's an important time for WLHP as it engages with tenants to seek out areas where it can drive real improvements.

Finding a home
WLHP carried out a review of its allocations policy – the way it lets its homes – and consulted residents on their views. New proposals will see a new way of letting homes introduced over the next year which will give customers more of a say in where they live.

WLHP will advertise its available homes through Homefinder – an online portal which gives people who are registered for housing the chance to look at available homes and note an interest in any they want to live in. The list of available homes will also be available in printed format for anyone who requests it. WLHP are also seeking to be included in West Lothian Council's Common Housing list.

Giving tenants a voice
WLHP Housing Officers worked closely with tenants and the Wheatley Housing Group Community Governance team to involve more tenants in having a say.

WLHP has set up new local tenant forums which will enable it to hear more from tenants and put them at the heart of decisions affecting their communities.

Some WLHP tenants have also joined forums which can influence services and decision-making across the Wheatley Housing Group. These include the Polish Forum, the Scrutiny Panel and a Welfare Advisor Panel. There have also been road show events at Boghall and Blackburn.

DIRECTORS' REPORT FOR THE YEAR ENDING 31 MARCH 2014 (Continued)

Winter Ready checks
This past year WLHP was able to offer free Winter Ready checks to all tenants over the age the age of 60 to help make sure their homes were in good shape for the cold winter months. 12 tenants took up the offer with a plumber visiting the home, checking the boiler and radiators and offering tips on staying warm and reducing energy bills.

Accessing Welfare Benefits & Fuel Advisors
All WLHP tenants can now access the support of a Welfare Benefits Advisor who can offer free, impartial advice to tenants on all matters relating to benefits and welfare reform. Fuel Advisors are also available to offer free advice on reducing fuel bills.

Help with accessing higher education
WLHP offered bursaries of up to £1,500 to help people who live in its homes to go to college or university. Two tenants were able to get help while they study as a result of this scheme.

Home Comforts and Handyperson Service
The Group's Home Comforts scheme helps people settle in their homes by collecting unwanted furniture, restoring it and recycling it before distributing it to tenants in need. Three WLHP tenants have already benefited from this new scheme.

The new handyperson service is available for tenants who are over 60 or disabled to help with odd jobs around the home. This includes tasks like changing plugs, basic plumbing, fitting shelves or cleaning internal windows.

Jobs and training
WLHP has been actively promoting the Wheatley Pledge scheme to its customers which will in time create employment opportunities for more tenants. Wheatley Pledge encourages contractors and suppliers to create more jobs and apprenticeships for people in communities across the Wheatley Housing Group. WLHP is also learning about how it can create more jobs and training opportunities for people in its areas and are looking forward to making progress in this area over the coming year.

Joining Facebook
WLHP made the step of signing up for social media with the launch of its own Facebook page, which allows tenants to stay in touch digitally. The page carries all the latest news and updates from WHLP as well as a link to enable them to pay rent online and, importantly, it allows tenants to get in touch with any feedback.

Recognition for our customer focus
In July 2014 WLHP gained Customer Service Excellence (CSE) accreditation at its first attempt. The scheme recognises excellence in customer services and is overseen by the Cabinet Office.

All five staff were assessed across a number of areas including delivery of services, information, professionalism and staff attitude. WLHP was considered to be 'compliance plus' – the highest grading available – in four areas.

DIRECTORS' REPORT FOR THE YEAR ENDING 31 MARCH 2014 (Continued)

Directors and directors' interests
The directors of the Partnership who held office during the year and up to the signing of the financial statements were:

Councillor Lawrence Fitzpatrick	
Councillor Martyn Day	
Councillor Jim Dixon	(resigned 7 June 2013)
Margaret Dunlop (Chair)	
David Cleghorn (Vice Chair)	
Stewart Melrose	
Daniel Mullen	
Audrey Gordon	
Janet Dunlop	
Thomas McCormack	
Maureen Finlay	
Frank Cassidy *	
David McGrouther	
Theresa Meek *	
John Hill	(appointed 11September 2013)

* tenant of the Partnership

No directors who held office during the year held any disclosable interest in the shares of the company.

Disclosure of information to auditor
The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors
The directors appointed PricewaterhouseCoopers LLP to act as auditors of the financial statements for the year ended 31 March 2014. In accordance with Section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as group auditors is to be proposed at the forthcoming Annual General Meeting of the Wheatley Housing Group Limited.

Basis of preparation
This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. As such, the company has taken exemption from preparing a strategic report.

By order of the Board

Margaret Dunlop

Margaret Dunlop, Chair
27th August 2014

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

FINANCIAL REVIEW

Income

Turnover (excluding profit on sale of fixed assets and interest received) for the year ended 31 March 2014 totalled £1,579k for the Partnership (2013: £1,582k). This is due to the freeze in rent for the year. As in the prior year, all income has been generated through net rental income.

Other income received by the Partnership in the year included interest income which totalled £8k (2013: £12k).

Expenditure

Operating costs in the year totalled £1,118k (2013: £1,063k), largely comprising of the following:

- Management and maintenance administration costs associated with social letting activities totalling £331k (2013: £367k).
- £151k of reactive maintenance costs to our social letting properties (2013: £115k).
- £139k of planned and cyclical maintenance costs including major repair costs to improve our social housing properties (2013: £151k).
- Depreciation expenditure for social and non-social housing assets of £382k (2013: £388k).

Other expenditure in the year included £132k of interest due on external loan funding (2013: £247k).

The surplus for the year was £337k (2013: £284k).

Alignment of accounting policy across the Wheatley Housing Group

An exercise was performed during the year to align accounting policies across the Wheatley Housing Group, resulting in a restatement of the balance sheet. Housing Properties, previously accounted for at cost, are now carried at valuation. This has increased fixed assets by £3,976k and created a revaluation reserve of the same amount.

Rental Debtors

At the balance sheet date, the Partnership had rent arrears of £84k offset by bad debt provisions of £43k (2013: £77k and £30k respectively).

Liquidity

The Partnership's short-term liquidity has improved in the year to show net current assets of £803k (2013: £617k). Creditors falling due after more than one year has decreased to £8,143k at the balance sheet date (2013: £8,677k). This movement relates to loan repayments made during the year.

Going concern

The Balance Sheet shows net current assets, and the Partnership expects to be able to meet current liabilities as they fall due. There are therefore no material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with the applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The directors acknowledge their responsibility for ensuring that the company has in place systems of control that are appropriate to its business environment. The systems of internal financial control, which are under regular review, are designed to manage rather than to eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

The key procedures which have been established are as follows:

- Detailed standing orders covering Board structure, election, membership and meetings;
- Financial regulations and procedures with clear authorisation limits;
- Regular Board meetings, focusing on areas of concern, reviewing management reports;
- Audit and Compliance reporting focussing on areas of concern and reviewing management reports;
- Regular review of cashflow and loan portfolio performance;
- Regular review of tendering process, rent accounting, arrears control and treasury management;
- Segregation of duties of those involved in finance;
- Identification and monitoring of key risks by the management committee; and
- Monitoring the operation of the internal financial control system by considering regular reports from management, internal and external auditors and ensuring appropriate corrective action is taken to address any weaknesses.

The directors confirm that they have reviewed the effectiveness of the systems of internal control. No weaknesses have been found which would have resulted in material losses, contingencies or uncertainties which require to be disclosed in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST LOTHIAN HOUSING PARTNERSHIP LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the registered provider's affairs as at 31 March 2014 and of the registered provider's surplus and cash flows 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 Companies Act 2006; and
- have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The registered provider financial statements (the "financial statements"), which are prepared by West Lothian Housing Partnership Limited, comprise:

- the registered provider balance sheet as at 31 March 2014;
- the registered provider income and expenditure account and statement of total recognised surpluses and deficits for the year then ended;
- the registered provider cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 registered provider's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST LOTHIAN HOUSING PARTNERSHIP LIMITED (Continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the registered provider's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 69 of the Housing (Scotland) Act 2010 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Lindsey Paterson

Lindsey Paterson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
27th August 2014

(a) The maintenance and integrity of the West Lothian Housing Partnership Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £'000	2013 £'000
Turnover	3	1,579	1,582
Total operating costs	3	(1,118)	(1,063)
Operating surplus		461	519
Interest receivable and other income	8	8	12
Interest payable and similar charges	9	(132)	(247)
Surplus for the year	18	337	284

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2014

		2014 £'000	2013 £'000
Surplus for the year	18	337	284
Unrealised gain on revaluation of fixed assets	18	590	3,386
Total recognised surplus for the year		927	3,670

All amounts relate to continuing operations. There is no material difference between the surplus for the year stated above and the historical cost equivalents.

Comparative figures have been restated to reflect the change in accounting policy for social housing fixed assets which are now carried at valuation.

The notes on pages 13 to 27 form part of these financial statements.

BALANCE SHEET AT 31 MARCH 2014

	Notes	2014 £'000	2013 restated £'000
Tangible fixed assets			
Housing properties	12	14,180	13,970
Other tangible fixed assets	13	-	3
		14,180	13,973
Current assets			
Debtors	15	88	103
Cash at bank and in hand		1,434	1,390
		1,522	1,493
Creditors: amounts falling due within one year	16	(719)	(876)
Net current assets		803	617
Total assets less current liabilities		14,983	14,590
Creditors: amounts falling due after more than one year	17	(8,143)	(8,677)
Net assets		6,840	5,913
Capital and reserves			
Revenue reserve	18	2,864	2,527
Revaluation reserve	18	3,976	3,386
		6,840	5,913

These financial statements were approved by the Board on 13th August 2014 and were signed on its behalf on 27th August 2014 by:

Margaret Dunlop
Kirsten M Craig

Margaret Dunlop	David Cleghorn	Kirsten Craig
Chair	Board Member	Secretary

The notes on pages 13 to 27 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	Notes	**2014** **£'000**	**2013** **£'000**
Net cash inflow from operating activities	21	699	872
Returns on investment and servicing of finance			
Interest received	8	8	12
Interest paid	9	(132)	(247)
Net cash outflow from returns on investment and servicing of finance		(124)	(235)
Capital expenditure and financial investment			
Acquisition and construction of properties	12	(4)	(109)
Capital grants received		-	51
Net cash outflow from capital expenditure and financial investment		(4)	(58)
Net cash inflow before financing		571	579
Financing			
Loan repayments	21	(527)	(534)
Net cash inflow from financing		(527)	(534)
Increase in cash	21	44	45

The notes on pages 13 to 27 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. Legal status

West Lothian Housing Partnership Limited ("WLHP" or "the Partnership") is registered under the Companies Act and is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting
The financial statements of the Partnership are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2012, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice, Accounting by Registered Social Landlords Update 2010, issued by the National Housing Federation.

Related party disclosures
The Partnership is a wholly-owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Partnership has taken advantage of the exemption, under the terms of FRS 8, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Cashflow

Turnover
Turnover represents income receivable from lettings and service charges, fees receivable, revenue grants and other income.

Grant income
Grant income received is matched with the expenditure to which it relates. Where grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is deducted from the cost of housing properties in accordance with the Statement of Recommended Practice: Accounting by Registered Social Landlords (SORP 2010).

Bad and doubtful debts
Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable.

Deposits and liquid resources
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

2. Accounting policies (continued)

Pensions
The Partnership participates in the Pensions Trust Scottish Housing Association Pension Scheme (SHAPS). Defined Benefits Pension Scheme and retirement benefits to employees of the Partnership are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Tangible fixed assets - housing properties
The Partnership operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

Valuation of Social Housing Stock
Housing properties are valued on an Existing Use Value for Social Housing (EUV-SH) basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Previously housing properties were carried at cost, and prior year comparatives have increased by £3.4m as a result of the change in accounting policy.

The cost of properties is their purchase price together with the cost of capitalised interest and repairs. Included in the cost of repairs are the direct costs of staff engaged in the investment programme.

Depreciation and Impairment
Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Partnership's asset management strategy and the requirement of Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Partnership has taken account of views provided by both internal and external professional sources.

Freehold land is not subject to depreciation. Depreciation is charged so as to write down the cost or valuation (net of Housing Association Grant, and other capital grants) of the freehold housing properties and major components on a straight line basis over their expected useful economic lives.

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

	Economic Life
Land	n/a
Bathrooms	25 yrs
Heating system boiler	12 yrs
Internal works & common areas	20 yrs
Kitchens	20 yrs
Mechanical, Electrical & Plumbing	25 yrs
Structure & roofs	50 yrs
Windows and doors	30 yrs

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

2. Accounting policies (continued)

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses.

Housing Association Grant and other capital grants
Housing Association Grant (HAG) is received from central government agencies and local authorities and is utilised to reduce the capital costs of housing properties.

HAG due or received in advance is included as a current asset or liability. HAG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

Properties are disposed of under the appropriate legislation and guidance. All HAG relating to the share of property sold are removed from the financial statements at the date of sale. Any HAG received that cannot be repaid from the proceeds of sale is abated and the grant removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay disclosed as a contingent liability.

Other tangible fixed assets
For other tangible fixed assets, depreciation is charged on a straight-line basis over the expected useful economic lives of fixed assets to write off the cost, or valuation, less estimated residual values over the following expected lives. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

	Economic Life
Furniture, fittings and office equipment	5 yrs
Computer equipment	3 yrs

Improvements to housing properties
The Partnership capitalises repairs and improvement expenditure on housing properties that results in an enhancement of the economic benefits of the asset.

Capitalisation of development overheads
Staff costs that are directly attributable to bringing housing properties into working condition for their intended use are capitalised.

Homestake
Properties developed under the Scottish Government's shared equity Homestake initiative are funded by grant and ultimate sales proceeds.

The net investment in Homestake properties is shown on face of the Balance Sheet and represents total costs incurred at the balance sheet date less grants receivable and proceeds of sales. Homestake allowances receivable to market the properties are taken to income as developments are completed and until that point are included within deferred income.

Properties which remain unsold at the year end are shown as stock on the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

2. Accounting policies (continued)

Provisions
The Partnership only provides for liabilities that exist at the balance sheet date.

Taxation
As a charity, West Lothian Housing Partnership Limited is exempt from corporation tax on its charitable activities by virtue of Section 505(1) Income & Corporation Taxes Act 1988 and from capital gains tax by virtue of Section 145 Capital Gains Tax Act 1979.

Value Added Tax
The Partnership is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

3. Particulars of turnover, operating costs and operating surplus

	Turnover	Operating Costs	2014 Operating surplus/ (deficit)	2013 Operating surplus/ (deficit) Restated
	£'000	£'000	£'000	£'000
Social lettings (note 4)	1,579	1,033	546	540
Other activities (note 5)	-	85	(85)	(21)
Total	1,579	1,118	461	519

4. Particulars of turnover, operating costs and operating surplus from social letting activities

	2014 General Needs	2013 General Needs Restated
	£'000	£'000
Rent receivable net of service charges	1,560	1,556
Service charges	21	21
Gross rents receivable	1,581	1,577
Less rent losses from voids	(3)	(4)
Net income from rents and service charges	1,578	1,573
Grants from Scottish Government	1	9
Total turnover from social letting activity	1,579	1,582
Management and maintenance administration costs	331	367
Service costs	15	14
Planned and cyclical maintenance including major repairs costs	139	151
Reactive maintenance costs	151	115
Bad debts – rents and service charges	15	7
Depreciation of social housing	382	388
Operating costs from social letting	1,033	1,042
Operating surplus from social letting activities	546	540

The disclosure of operating costs and surpluses from social letting activities has been restated to better reflect the allocation of costs to management and maintenance administration, service, planned and cyclical maintenance, reactive maintenance costs, and other activities in note 4 and 5. This is in line with the definition within the SORP and guidance issued by the Scottish Housing Regulator. Comparative figures have been restated on the same basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

5. Particulars of turnover, operating costs and operating surpluses from other activities

	Grants from Scottish Ministers	Other revenue	Total Turnover	Total Operating Costs	2014 Operating surplus /(deficit)	2013 Operating surplus /(deficit) Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Wider role	-	-	-	11	(11)	-
Organisational restructuring	-	-	-	72	(72)	(18)
Depreciation – non social housing	-	-	-	2	(2)	(3)
Total from other activities	-	-	-	85	(85)	(21)

6. Board emoluments and interests

Board members received £2,230 (2013: £925) by way of reimbursement of expenses.

7. Employees

	2014	2013
	£'000	£'000
Staff costs during the year were as follows:		
Wages and salaries	135	176
Social security costs	10	8
Pension costs	24	23
	169	207

The average number of persons employed by the Partnership during the year (including part-time staff) were as follows:

	2014	2013
	No.	No.
Office staff	6	6
Full-time equivalent Office staff	5	5

There were no employees paid in excess of £60,000 during the year (2013: £Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

8. Interest receivable and similar income

	2014 £'000	2013 £'000
Interest receivable	8	12

9. Interest payable and similar charges

	2014 £'000	2013 £'000
On bank loans	132	247

10. Auditors' remuneration

	2014 £'000	2013 £'000
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	4	4
Other services	1	-

11. Financial commitments

Capital commitments
All capital commitments of the Partnership were as follows:

	2014 £'000	2013 £'000
Expenditure contracted for, but not provided in the financial statements	-	134
Expenditure authorised by the Board but not contracted	-	-
	-	134

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

11. Financial commitments (continued)

Operating leases
At 31 March 2014 the Partnership had annual commitments under non-cancellable operating leases as follows:

	2014 £'000 Land and Buildings	2014 £'000 Other	2013 £'000 Land and Buildings	2013 £'000 Other
Operating leases that expire:				
Within one year	-	8	-	-
In the second to fifth years inclusive	-	-	-	14
Over five years	-	-	-	-
	-	8	-	14

12. Tangible fixed assets: Housing properties

	Housing Properties Held for Letting £'000	Total £'000
Cost or Valuation		
At 1 April 2013 (Restated)	29,773	29,773
Additions	4	4
Disposals	(3)	(3)
Valuation	209	209
At 31 March 2014	29,983	29,983
Social Housing Grant		
At 1 April 2013	15,803	15,803
Received / receivable for year	-	-
At 31 March 2014	15,803	15,803
Accumulated Depreciation		
At 1 April 2013	-	-
Charge for year	382	382
Disposals	(1)	(1)
Valuation	(381)	(381)
At 31 March 2014	-	-
Net Book Value		
At 31 March 2014	**14,180**	**14,180**
At 31 March 2013 (Restated)	13,970	13,970

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)

12. Tangible fixed assets: Housing properties (continued)

Additions to housing properties include capitalised development interest costs to date of £226,311 (2013: £226,311). Included within Properties held for letting is land which was received for £nil consideration. Comparative figures have been restated to reflect the change in accounting policy with housing properties are now carried at valuation as opposed to cost.

All land and housing properties are freehold.

Housing properties have been valued by Jones LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors (RICS) to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2014 on an Existing Use Valuation for Social Housing (EUV-SH), and the opening balances at 1 April 2013 have been restated on the same basis. A discount rate of 6% (2013: 6%) was used. The valuation assumes a long term rent increase of RPI+1%, in line with the Partnership' 30 year Business Plan (2014-15). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

During 2013-14 West Lothian Housing Partnership disposed of no properties to tenants under Right to Buy entitlements.

The number of units of accommodation owned and managed by the Partnership at 31 March 2014 is shown below:

	2014 No.	**2013 No.**
General Needs	381	381

13. Tangible fixed assets: Other tangible fixed assets

	Office Furniture £'000	**Computer Equipment £'000**	**Total £'000**
Cost			
At 1 April 2013	6	34	40
Additions	-	-	-
Disposals	-	(20)	(20)
At 31 March 2014	6	14	20
Accumulated Depreciation			
At 1 April 2013	5	32	37
Charge for year	1	1	2
Disposals	-	(19)	(19)
At 31 March 2014	6	14	20
Net Book Value			
At 31 March 2014	-	-	-
At 31 March 2013	1	2	3

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

14. Homestake properties

	£'000
Cost	
At 1 April 2013	429
Additions	-
Disposals	-
At 31 March 2014	429
Grants	
At 1 April 2013	429
Received during the year	-
Grant to be repaid	-
At 31 March 2014	429
Net Book Value	
At 31 March 2014	-
At 1 April 2013	-

15. Debtors

	2014 £'000	2013 £'000
Arrears of rent and service charges	84	77
Less: provision for bad and doubtful debts	(43)	(30)
	41	47
Sundry debtors and prepayments	47	56
Total	88	103

16. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Housing loans (note 17)	506	499
Contractors for retentions unpaid and certified work	-	211
Tax and social security	2	3
Prepayments of rent and service charges	15	20
Accruals	133	143
Balances owed to parent company	63	-
	719	876

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

17. Creditors: amounts falling due after more than one year

	2014	2013
	£'000	£'000
Housing loans	8,143	8,677

Housing loans from Nationwide Building Society are secured by specific charges on the Partnership's housing properties and are repayable at interest rates varying from 0.875% to 5.69% over a period up to 35 years in instalments due as follows:

	2014 £'000	2013 £'000
In one year or less	506	499
Between one and two years	509	511
Between two and five years	1,814	1,605
In five or more years	5,821	6,561
	8,650	9,176

18. Reserves

	Revenue Reserve £'000	Revaluation Reserve £'000	Total £'000
At 1 April 2013(restated)	2,527	3,386	5,913
Surplus for the year	337	-	337
Revaluation during the year	-	590	590
At 31 March 2014	2,864	3,976	6,840

19. Pensions

West Lothian Housing Partnership currently participates in the Scottish Housing Association's Pensions Scheme (the Scheme). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in
- Defined contribution scheme

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

19. Pensions (continued)

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

West Lothian Housing Partnership has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2013 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2013.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. 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 £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

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

During the accounting period West Lothian Housing Partnership paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 4 active members of the Scheme employed by West Lothian Housing Partnership. The annual pensionable payroll in respect of these members was £124,928. West Lothian Housing Partnership will cease to offer membership of the defined benefit Scheme to its employees with effect from 1 September 2014. From that date all active employee members will be transferred to the SHAPs defined contribution scheme which will offer a range of flexible funding options with contributions split between employees and the employer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

19. Pensions (continued)

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Pensionable earnings growth (annual)	4.1
- Rate of price inflation	2.6
- Rate of consumer price inflation	2.0

In addition, latest mortality research has been taken into account.

Valuation Results

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

Benefit Structure	*Long-term joint contribution rate (% of pensionable salaries)*
Final salary - 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

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

Following consideration of the results of the valuation it was agreed that the shortfall of £304m would be dealt with by the payment of additional contributions of 5.4% of pensionable salaries per annum with effect from 1st April 2014. Past service deficit contributions will increase each 1st April at a rate of 3%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

19. Pensions (continued)

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

20. Related party transactions

In general the Partnership gives West Lothian Council full nomination rights for all initial house lets, reverting to 50% nominations for subsequent vacancies thereafter.

The Partnership retains a register of members' interests. The following interests in related parties are required to be declared:

Councillor Lawrence Fitzpatrick	West Lothian Council (Councillor)
Councillor Martin Day	West Lothian Council (Councillor)
Jane Dunlop	West Lothian Council (Employee)
Theresa Meek	West Lothian Council (Employee) and West Lothian Housing Partnership tenant.
Frank Cassidy	West Lothian Housing Partnership tenant.

Those members that are tenants of the Partnership have tenancies that are on the Partnerships normal tenancy terms and they cannot use their position to their advantage. All transactions with West Lothian Council are carried out at arm's length. There have been no material transactions in the year.

Transactions between Cube and the Wheatley Housing Group and other Group subsidiaries are at arm's length.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

21. Cash flow statement

Reconciliation of operating surplus to net cash inflow from operating activities	**2014**	**2013**
	£'000	**£'000**
Operating surplus	461	519
Depreciation charges	387	392
(Decrease) in creditors	(164)	(28)
Decrease/(increase) in debtors	15	(10)
Net cash inflow from operating activities	699	872

Reconciliation of net cash flow to movement in net debt	**2014**	**2013**
	£'000	**£'000**
Net debt at 1 April	(7,786)	(8,365)
Increase in cash in the year	44	45
Cash outflow from loan repayments	527	534
Net debt at 31 March	(7,215)	(7,786)

Analysis of changes in net debt	**At 1April 2013**	**Cashflow**	**At 31 March 2014**
	£'000	**£'000**	**£'000**
Cash at bank and in hand	1,390	44	1,434
Debt due within one year	(499)	(7)	(506)
Debt due after one year	(8,677)	534	(8,143)
	(7,786)	571	(7,215)

22. Ultimate parent organisation

The Partnership is a subsidiary undertaking of Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

The only group into which the results of the Partnership are consolidated is Wheatley Housing Group Limited. The consolidated financial statements of Wheatley Housing Group Limited may be obtained from the registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

SUPPLEMENTARY INFORMATION

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