



# DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2015

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

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

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year to 31 March 2015.

### **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.

### **Annual highlights**

#### **New customer-friendly office and Academy**

At West Lothian Housing Partnership we want to be even closer to our tenants and be at the very heart of our neighbourhoods.

This financial year we opened our new town centre office – at 62 North Bridge Street in Bathgate – to help make this possible.

Not only is the new ground-floor premises more accessible for elderly and disabled tenants, but it is closer to transport links to make it easier for people to visit and get expert help and advice from staff. The building was also fully refurbished to provide spacious, modern accommodation for WLHP staff and Board members.

This allowed us to build our new dedicated training Academy centre for staff. This facility allows staff to receive the best possible training in their own community so they can deliver an even better service for tenants.

#### **Making it easier to rent homes and make repairs**

Over the past year we made other important changes to make life easier for tenants and to give them more options.

We joined Home Finder – the allocations system for tenants for Wheatley Group's registered social landlords (RSLs). It makes the way we rent our homes more open, transparent and is easy to use for customers. It means WLHP tenants looking for a move now have more options than ever before, with access to homes from other RSLs in the Group.

We also saw the benefits of our new repairs contractor – City Building – which continues to deliver a first-class service to tenants.

#### **CSE accreditation for great customer service**

It was also a big year for WLHP as an organisation. We received national recognition for delivering excellent customer service – at the first time of asking. Customer Service Excellence is the national standard for excellence in customer service in public sector organisations overseen by the UK Government's Cabinet Office.

It focuses on areas which are priorities for customers, such as delivery of services, information, professionalism and staff attitude. WLHP was awarded four 'Compliance Plus' marks by the assessor – the highest grade which can be achieved. We believe this will be the first of many awards to come for the Partnership in the years ahead.

## **DIRECTORS' REPORT (continued)**

### **A great year – and that's official**

WLHP reports annually to the Scottish Housing Regulator with the performance statistics forming part of the Scottish Social Housing Charter. Out of 27 indicators in the Charter, performance improved in 23 areas.

Staff are always looking to go the extra mile to help tenants – a fact backed up by customer satisfaction levels. Satisfaction levels were up 1.4 percentage points over the past financial year – to 88.5 per cent.

We also recorded strong performance figures over the past financial year. Tenant arrears dropped two percentage points to only 2.8 per cent. The number of days to rent a property also fell from 10.3 in the previous year to 6.8.

Rent money is vital to help provide the services tenants tell us they want. We collected 101.5% - which included outstanding debt owed to us.

Tenants also told us they were satisfied (72 per cent) with the value-for-money of the service they receive.

Tenants who needed medical adaptations carried out in their homes also noticed a difference to the service on offer. The time taken to complete medical improvements to the home was significantly down on the previous 12 months, to 22 days.

Every new tenant (100%) who moved into a WLHP property was completely satisfied with the standard of their home – with 82 per cent of current tenants also satisfied.

### **Going the extra mile for tenants**

But WLHP is about more than just great homes. Over the past year, staff have gone the extra mile to improve our communities. Four out of every five tenants told us they were satisfied with their local area – an increase from the previous year.

In 2014 we introduced a new repairs contractor – City Building – to make things easier and more convenient for tenants. Just under 80 per cent of tenants were satisfied with the service so far.

Improving opportunities for participation continues to be a key focus – with 87 per cent of WLHP tenants satisfied. And 91 per cent were satisfied with how they were kept informed of WLHP news and information.

Homes within our communities are in great demand – and that's why we've plans for 195 new-build properties in our areas.

This year WLHP was delighted to welcome our first Modern Apprentice. Natasha Mustafa joined us from school to learn about housing and business administration to go towards her Scottish Vocational Qualification.

### **Wide range of services for customers**

As part of Wheatley Group we are determined to do even more for our tenants. We are now able to provide a comprehensive range of services which meet the needs of our customers.

One of the most important issues facing social housing tenants is the impact of the UK Government's welfare reforms. This year our Welfare Benefit Advisor helped 19 tenants claw back £21,407.54 in unclaimed benefits. This lifeline service can prove the difference between a tenant staying on top of their rent or falling into arrears and, ultimately, losing their home.

## **DIRECTORS' REPORT (continued)**

Rising gas and electricity bills are also a strain on family life. The fuel advice service saved 18 tenants £4,709 on their bills and helped them access more affordable tariffs.

### **New online help for tenants**

We launched a new SignVideo online service which means any of our deaf customers can have a real-time chat using sign language.

Also online, our Facebook page is also growing in popularity. We have more than 350 followers who can do everything from pay their rent, find out where to get benefit advice to finding answers to their housing-related queries.

Disabled and elderly tenants also benefited this year from another support programme. The Handyperson Service was used by three tenants who needed a bit of extra help for odd jobs around their home.

Older tenants in our communities were also given a little extra help around Christmas. Almost 8000 tenants of WLHP and the other RSLs in Wheatley Group, who were over 70, received £40 of food vouchers. Tenants over the age of 60 and disabled people also signed up for our WinterReady checks where a plumber inspected their central heating, pipes and draught prevention.

But we know that tenants of all ages can do with additional support at tough times in their lives.

### **Creating a legacy from the Commonwealth Games**

The 2014 Commonwealth Games helped us provide additional support for those people most in need. The Games may have been based in on the other side of the M8, but the benefits and legacy was felt in our communities and beyond.

Wheatley's in-house Home Comforts service - which upcycles furniture and makes it available free of charge for tenants in need – was boosted by 60,000 beds, wardrobes, tables and much more from the Athletes' Village. By being part of Wheatley, nine WLHP tenants were able to access the Home Comforts scheme to help make their house a home.

Youngsters from our communities also got into the Games spirit. We funded the Sunshine Club – based at Boghall Community and Resource Centre in Bathgate – to send youngsters to Glasgow to see the crowds and join in the excitement generated by the Commonwealth's finest athletes.

Livingston Rugby Club Under-14s also benefited from our sport-themed 'Host Your Kit' competition with cloud computing company iomart which provided sports clubs in disadvantaged communities with equipment or kits.

### **The way ahead and plans for the future**

Over the next year we have exciting plans to further improve our communities and help change even more lives for the better. This includes plans for around 195 new affordable homes.

We achieved a lot to be proud of in 2014-2015. Next year promises to be equally exciting.

## **DIRECTORS' REPORT (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:

Margaret Dunlop (Chair)  
David Cleghorn (Vice Chair)  
Councillor Lawrence Fitzpatrick  
Councillor Martyn Day  
Stewart Melrose  
Daniel Mullen  
Audrey Gordon  
Janet Dunlop  
Thomas McCormack  
Maureen Finlay  
Frank Cassidy \*  
David McGrouther  
Theresa Meek \*  
John Hill

\* 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 2015. 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.

On behalf of the Board



**Margaret Dunlop, Chair**  
26th August 2015

Wheatley House  
25 Cochrane Street  
Glasgow  
G1 1HL

## FINANCIAL REVIEW

The financial statements reflect the introduction of the Statement of Recommended Practice (SORP) for Social Housing Providers 2014 for the first time. Comparative figures have been restated accordingly.

### Income

The Partnership's turnover (excluding profit on sale of fixed assets and interest received) for the year ended 31 March 2015 totalled £1,595k (2014: £1,579k). The main source of income was net rental and service charge income of £1,583k (2014: £1,578k). The remainder of income came from Government grants for medical adaptations at a number of our properties.

Other income received by the Partnership in the year included interest income which totalled £5k (2014: £8k).

### Expenditure

Operating costs in the year totalled £1,383k (2014: £1,377k), largely comprising of the following:

- Management and maintenance administration costs associated with affordable letting activities totalling £305k (2014: £327k).
- £207k of reactive maintenance costs to our social letting properties (2014: £134k).
- £126k of planned and cyclical maintenance costs including major repair costs to improve our social housing properties (2014: £139k).
- Depreciation expenditure for social and non-social housing assets of £725k (2014: £664k).

Operating surplus is £212k (13%) (2014: £202k (13%)).

Other expenditure in the year included £248k of interest due on loan funding (2014: £138k).

Total comprehensive income for the year of £729k (2014: £812k) includes the reversal of a previous decrease on the value of social housing properties of £704k (2014: £754k) and a gain of £56k (2014: loss of £14k) in respect of the SHAPS pension scheme.

### Cashflows

The cash flow statement of the Partnership is shown on page 13. WLHP generated £1,095k from operating activities, an increase of £281k from the prior year, driven by the timing of creditor payments. Cash and cash equivalents in the year increased by £53k (2014: increased by £44k),

### Rental debtors

At the balance sheet date, the Partnership had rent arrears of £75k offset by bad debt provisions of £33k (2014: £84k and £43k respectively).

### Liquidity

The Partnership's short-term liquidity has improved in the year to show net current assets of £893k (2014: £698k). Total borrowings are £8,274k at 31 March 2015 (2014: £8,143k).

### Capital structure and treasury

The Partnership's activities are funded on the basis of a Business Plan which is updated annually. WLHP's long-term funding is provided through the Group financing subsidiary Wheatley Funding No. 1 Limited, as detailed in note 17. The Partnership has access to an intra-group facility of £18.7m. Interest rate risk is managed at a group level by Wheatley Funding No. 1 Limited.

## **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, West Lothian Housing Partnership Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the registered provider's affairs as at 31 March 2015 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; the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended); and
- have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

#### **What we have audited**

The financial statements comprise:

- the registered provider's statement of financial position as at 31 March 2015;
- the registered provider's statement of comprehensive income;
- the registered provider's 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 the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in 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 and the Charities (Scotland) Regulations 2006 (as amended) 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.

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

### **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.

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a Strategic Report. 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 section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, Chapter 3 of Part 16 of the Companies Act 2006, section 69 of the Housing (Scotland) Act 2010 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) 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.

#### **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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

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



Lindsey Paterson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
26 August 2015

- (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.

**STATEMENT OF COMPREHENSIVE INCOME ACCOUNT FOR THE YEAR  
 ENDED 31 MARCH 2015**

	Notes	2015 £'000	2014 £'000 restated
Turnover	3	1,595	1,579
Operating expenditure	3	(1,383)	(1,377)
Operating surplus		212	202
Finance income	8	5	8
Finance charges	9	(248)	(138)
Reversal of previous decrease in valuation of housing properties		704	754
Surplus for the year		673	826
Actuarial gain/(loss) in respect of pension schemes	19	56	(14)
Total comprehensive income for the year		729	812

All amounts relate to continuing operations.

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102.


The notes on pages 14 to 31 form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015

	Notes	2015 £'000	2014 £'000 restated
<b>Fixed assets</b>			
Social housing properties	13	14,566	14,180
Other tangible assets	14	216	-
		<u>14,782</u>	<u>14,180</u>
<b>Current assets</b>			
Trade and other debtors	15	149	88
Cash and cash equivalents		<u>1,487</u>	<u>1,434</u>
		1,636	1,522
<b>Creditors: amounts falling due within one year</b>	16	(743)	(824)
<b>Net current assets</b>		<u>893</u>	<u>698</u>
<b>Total assets less current liabilities</b>		15,675	14,878
<b>Creditors: amounts falling due after more than one year</b>	17	(8,274)	(8,143)
<b>Provisions for liabilities</b>			
Pension liability	19	(79)	(142)
<b>Total net assets</b>		<u>7,322</u>	<u>6,593</u>
<b>Reserves</b>			
Revenue reserve excluding pension reserve		7,401	6,735
Pension reserve	19	(79)	(142)
Revenue reserve	18	7,322	6,593
<b>Total reserves</b>		<u>7,322</u>	<u>6,593</u>

Comparative figures have been restated to reflect the adoption of Housing SORP 2014 and FRS 102.

These financial statements were approved by the Board on 12<sup>th</sup> August 2015 and were signed on its behalf on 26<sup>th</sup> August 2015 by:

  
Margaret Dunlop  
Chair

The notes on pages 14 to 31 form part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015**

	<i>Notes</i>	<b>2015 £'000</b>	<b>2014 £'000 restated</b>
<b>Net cash generated from operating activities</b>	21	<u>1,095</u>	<u>814</u>
<b>Cash flow from investing activities</b>			
Improvement of properties	13	(297)	(120)
New build	13	(86)	-
Purchase of other fixed assets	14	(240)	-
Grants received		12	1
Finance income	8	<u>5</u>	<u>8</u>
<b>Net cash from investing activities</b>		<u>(606)</u>	<u>(111)</u>
<b>Cash flows from financing activities</b>			
Finance charges		(61)	(132)
Intra-group loan drawn down		8,274	-
Repayments of bank loans		<u>(8,649)</u>	<u>(527)</u>
		(436)	(659)
<b>Net change in cash and cash equivalents</b>		53	44
<b>Cash and cash equivalents at 1 April</b>		1,434	1,390
<b>Cash and cash equivalents at 31 March</b>		<u>1,487</u>	<u>1,434</u>

The notes on pages 14 to 31 form part of these financial statements

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

### **1. Legal status**

West Lothian Housing Partnership Limited ("WLHP" or "the Partnership") is a company limited by guarantee registered under the Companies Act and is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The Partnership provides social housing and associated services for general needs. The registered office is Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

### **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 for registered social housing providers 2014 ("SORP 2014"), issued by the National Housing Federation, and under FRS 102. The Partnership has elected to adopt FRS 102 and the SORP 2014 early and the Statement of Financial Position has been restated accordingly. The effect of these restatements are shown in Note 23.

The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Partnership and the preparation of long terms financial forecasts and plans which include an assessment of the availability of funding, the certainty of cash flow from the rental of social housing stock.

Discount rates have been used in the valuation of housing properties and in the assessment of the fair value of financial instruments. The rates used are subject to change and are influenced by wider economic factors over time.

#### **Related party disclosures**

The Partnership has taken advantage of the exemption, available under FRS 102, from disclosing related party transactions with wholly owned entities that are part of the Wheatley Housing Group.

#### **Turnover**

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

#### **Grant income**

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, which are held at valuation, it is recognised as income using the performance model in accordance with the SORP 2014. Prior to satisfying the performance conditions, capital grant is held as deferred income on the statement of financial position.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

### **2. Accounting policies (continued)**

#### **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. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

#### **Financial instruments**

Loans provided to some subsidiary members of the Group by the banking syndicate through the subsidiary, Wheatley Funding Number 1 Limited ("WFL1"), are classed as basic under the requirements of FRS 102, and are measured at amortised cost.

#### **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.

#### **Pensions**

West Lothian Housing Partnership previously participated in the Pensions Trust Scottish Housing Association Pension Scheme (SHAPS) Defined Contribution Pension Scheme. The scheme is now closed, with members transferring to the SHAPS Defined Contribution Scheme on 1 September 2014. Retirement benefits to employees are funded by 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. In accordance with FRS 102, the Partnership's share of the scheme assets and liabilities have been separately identified and are 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 Partnership'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 schemes.

During the year a new Wheatley Group defined contribution scheme has also been made available to all employees.

#### **Fixed assets - housing properties**

In accordance with SORP 2014, 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**

Social housing properties are valued annually 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. The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that results in an enhancement of the economic benefits of the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

### 2. Accounting policies (continued)

#### • 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.

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
External environment	20 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.

Where there is evidence of impairment, the fixed assets are written down to the fair value after deducting costs to sell, and any write down is charged to operating surplus.

#### • New Build

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

The Partnership's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including direct development staff costs; and
- Other directly attributable internal and external costs.

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

#### 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 cost of housing properties.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

### 2. Accounting policies (continued)

HAG is recognised as income in the Statement of Comprehensive Income under the performance model. HAG due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the period to which it relates.

Properties are disposed of under the provisions contained in the Housing (Scotland) Act 2014. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is accounted for as a liability. 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 is 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
Office premises (cost)	5 yrs
Furniture, fittings and office equipment (cost)	3 yrs

#### Provisions

The Group only provides for liabilities at the year-end where there is a legal or constructive obligation incurred which will likely result in the outflow of resources.

#### 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.

### 3. Particulars of turnover, operating expenditure and operating surplus

	Turnover	Operating Costs	2015 Operating surplus/ (deficit)	2014 Operating surplus/ (deficit) restated
	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	1,595	1,357	238	287
Other activities (note 5)	-	26	(26)	(85)
<b>Total</b>	<b>1,595</b>	<b>1,383</b>	<b>212</b>	<b>202</b>
Total for previous reporting year (restated)	1,579	1,377	202	

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**4. Particulars of turnover, operating expenditure and operating surplus from affordable letting activities**

	<b>2015</b>	<b>2014</b>
	<b>General</b>	<b>General</b>
	<b>Needs</b>	<b>Needs</b>
	<b>Social</b>	<b>Social</b>
	<b>Housing</b>	<b>Housing</b>
	<b>restated</b>	<b>restated</b>
	<b>£'000</b>	<b>£'000</b>
Rent receivable net of service charges	1,564	1,560
Service charges	21	21
<b>Gross income from rents and service charges</b>	<b>1,585</b>	<b>1,581</b>
Less rent loss from voids	(2)	(3)
<b>Net income from rents and service charges</b>	<b>1,583</b>	<b>1,578</b>
Revenue grants from Scottish Ministers	12	1
<b>Total turnover from affordable letting activities</b>	<b>1,595</b>	<b>1,579</b>
Management and maintenance administration costs	305	327
Service costs	18	15
Planned and cyclical maintenance including major repairs costs	126	139
Reactive maintenance costs	207	134
Bad debts – rents and service charges	-	15
Depreciation of social housing	701	662
<b>Operating costs from social letting activities</b>	<b>1,357</b>	<b>1,292</b>
<b>Operating surplus from social lettings</b>	<b>238</b>	<b>287</b>

The disclosure of turnover, operating costs and operating surpluses from affordable letting activities reflects the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

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

	Grants from Scottish Ministers £'000	Other revenue £'000	Total Turnover £'000	Total Operating Costs £'000	2015 Operating deficit £'000	2014 Operating deficit restated £'000
Wider role activities to support the community	-	-	-	2	(2)	(11)
Organisational restructuring	-	-	-	-	-	(72)
Depreciation – non social housing	-	-	-	24	(24)	(2)
<b>Total from other activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>(26)</b>	<b>(85)</b>

**6. Board members' emoluments**

Board members received £207 (2014: £2,230) by way of reimbursement of expenses.

**7. Employees**

	2015 No.	2014 No.
The average monthly number of full time equivalent persons employed during the year was	4	5
The average total number of employees employed during the year was	5	6

There were no employees paid in excess of £60,000 during the year (2014: nil).

	£'000	£'000 restated
Staff costs during the year were as follows:		
Wages and salaries	125	139
Social security costs	6	10
Pension costs	28	24
Pension service credit	(13)	(9)
	<u>146</u>	<u>164</u>

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**8. Finance income**

	2015 £'000	2014 £'000
Bank interest receivable on deposits in the year	<u>5</u>	<u>8</u>

**9. Finance charges**

	2015 £'000	2014 £'000 restated
Interest payable on housing loans	242	132
Net interest charge on pension liability	<u>6</u>	<u>6</u>
	<u>248</u>	<u>138</u>

**10. Auditors' remuneration**

	2015 £'000	2014 £'000
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	6	4
Other services	-	1

**11. Financial commitments**

**Capital commitments**

At 31 March 2015 there were no capital commitments of the Partnership (2014: nil).

**12. Operating leases**

At 31 March 2015 the Partnership had annual commitments under non-cancellable operating leases as follows:

	2015 £'000 Land and Buildings	2015 £'000 Other	2014 £'000 Land and Buildings	2014 £'000 Other
Operating leases that expire:				
Within one year	15	-	-	8
In the second to fifth years inclusive	55	-	-	-
Over five years	-	-	-	-
	<u>70</u>	<u>-</u>	<u>-</u>	<u>8</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**13. Social Housing Properties**

	<b>Housing Properties Held for Letting £'000</b>	<b>Housing Under Construction £'000</b>	<b>Total £'000</b>
<b>At valuation</b>			
At 1 April 2014 (restated)	14,180	-	14,180
Additions	297	86	383
Disposals	-	-	-
Re-valuation	3	-	3
At 31 March 2015	14,480	86	14,566
<b>Depreciation</b>			
At 1 April 2014 (restated)	-	-	-
Charge for year	(701)	-	(701)
Disposals	-	-	-
Re-valuation	701	-	701
At 31 March 2015	-	-	-
<b>Net Book Value - valuation</b>			
<b>At 31 March 2015</b>	14,480	86	14,566
At 31 March 2014 (restated)	14,180	-	14,180
<b>Net Book Value - cost</b>			
<b>At 31 March 2015</b>	25,046	86	25,132
At 31 March 2014 (restated)	25,450	-	25,450

Housing properties have been valued by Jones Lang 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 2015 on an Existing Use Valuation for Social Housing (EUV-SH). A discount rate of 5.75% – 6.25% (2014: 6.00%) was used. The valuation assumes a long term rent increase of between 0% - RPI+1%, in line with the Partnership's 30 year Business Plan (2015-16). 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 2014-15 West Lothian Housing Partnership did not dispose of any properties to tenants under Right to Buy entitlements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

### 13. Social Housing Properties (continued)

The number of units of accommodation owned and managed by the Partnership at 31 March 2015 is shown below:

	2015 No.	2014 No.
General Needs	381	381

### 14. Other tangible assets

	Office Premises £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2014	-	20	20
Additions	235	5	240
Disposals	-	(20)	(20)
At 31 March 2015	235	5	240
<b>Depreciation</b>			
At 1 April 2014	-	20	20
Charge for year	23	1	24
Disposals	-	(20)	(20)
At 31 March 2015	23	1	24
<b>Net Book Value</b>			
At 31 March 2015	212	4	216
At 31 March 2014	-	-	-

### 15. Trade and other debtors

	2015 £'000	2014 £'000
Arrears of rent and service charges	75	84
Less: provision for bad and doubtful debts	(33)	(43)
	42	41
Prepayments	3	43
Other debtors	19	4
Due from other group companies	85	-
Total	149	88

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**16. Creditors: amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
		<b>restated</b>
Trade creditors	1	-
Accruals	340	238
Rent and service charges received in advance	31	15
Tax and social security	5	2
Bank loans (note 17)	-	506
Due to other group companies	366	63
	<u>743</u>	<u>824</u>

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

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Due to other group companies	8,274	-
Bank loans	-	8,143
	<u>8,274</u>	<u>8,143</u>

**Bank lending facility**

During 2014/15 new borrowing arrangements were put in place to replace previous bank loans via a Group facility consisting of bank and capital markets debt, secured on charged properties belonging to each of the RSLs within the Wheatley Housing Group, including West Lothian Housing Partnership. This facility was made up of a committed facility of £526.0m from a syndicate of commercial banks, a committed facility of £132.5m from the European Investment Bank and £300m raised through the issue of a public bond. This provided total facilities of £958.5m for the RSL borrowing group to further develop new housing. This facility is provided through Wheatley Funding No1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Ltd, with West Lothian Housing Partnership having access to an intra-group facility of £18.7m, secured on the Partnership's housing stock.

<b>Borrowings are repayable as follows</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
In less than one year	-	506
In more than one year but less than five years	-	2,323
In more than five years	8,274	5,820
	<u>8,274</u>	<u>8,649</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

### 18. Changes in equity

	Revenue Reserve £'000
Opening balance at 1 April 2014 (restated)	6,593
Surplus for the year	673
Actuarial gain in respect of pension provision	56
Closing balance at 31 March 2015	<u>7,322</u>

### 19. Pensions

#### Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit

West Lothian Housing Partnership participates in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS"), a multi-employer defined benefit scheme. It is funded and contracted out of the State Pension Scheme. With effect from 1 September 2014 WLHP ceased to offer membership of the defined benefit scheme, with all active employee members transferred to the SHAPs Defined Contribution scheme.

The Trustee commissions an actuarial valuation of the Scheme every three years, with the last formal valuation of the Scheme being carried out at 30 September 2012, with the next full valuation due at 30 September 2015.

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. FRS 102 requires the disclosure of the Group's share of the assets and liabilities of the scheme within the financial statements and an evaluation of the scheme assets and liabilities has been carried out by an independent actuary as at 31 March 2015.

Following consideration of the results of the last valuation at 30 September 2012, 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%.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

### 19. Pensions (continued)

#### Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit (continued)

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.

The assumptions that have the most significant effect on the results of the valuation of the defined benefit pension arrangements, are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	31 March 2015	31 March 2014
Discount rate	3.4%	4.3%
Future salary increases	*2.5%	**5.1%
Inflation	2.0%	2.8%

\* Salary increases are assumed to be 2% p.a. until 31 March 2016, 1.8% p.a. until 31 March 2018, 2.5% p.a. thereafter.

\*\*Salary increases are assumed to be 1% p.a. to 31 March 2015, reverting to the long term assumption of 5.1% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2015, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.1 years (male) (2014: 21.0 years), 23.6 years (female) (2014: 23.4years)
- Future retiree upon reaching 65: 24.8 years (male) (2014: 23.3 years), 26.2 years (female) (2014: 25.3 years)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The information disclosed below is in respect of the whole of the plans for which WLHP has been allocated a share of cost under an agreed policy throughout the periods shown.

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**19. Pensions (continued)**

**Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit (continued)**

*Movements in present value of defined benefit obligation*

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	<b>338</b>	<b>299</b>
Current service cost	3	6
Interest cost	15	14
Contributions by members	4	5
Actuarial (gains)/losses	(29)	20
Estimated benefits paid	(6)	(6)
Closing defined benefit obligation	<b>325</b>	<b>338</b>

*Movements in fair value of plan assets*

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of plan assets	<b>196</b>	<b>168</b>
Expected return on plan assets	27	6
Interest income	9	8
Contributions by the employer	16	15
Contributions by the members	4	5
Estimated benefits paid	(6)	(6)
Administration costs	-	-
Closing fair value of plan assets	<b>246</b>	<b>196</b>
<b>Net liability</b>	<b>(79)</b>	<b>(142)</b>

*Expense recognised in statement of comprehensive income*

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	3	6
Administration costs	-	-
Interest on defined benefit pension plan obligation	6	6
Expected return on defined benefit pension plan asset	27	6
Actuarial gains/(losses)	29	(20)
	<b>65</b>	<b>(2)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**19. Pensions (continued)**

**Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit (continued)**

*The expense is recognised in the following line items in the statement of comprehensive income*

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Operating expenses	(1,394)	(1,377)
Finance costs	(248)	(38)

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £56k gain (2014: £14k loss).

*The fair value of the Scheme assets and the return on those assets were as follows:*

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Equities	89	82
Corporate bonds	89	63
Property	12	12
Alternatives	54	35
Cash and other	2	4
	<u>246</u>	<u>196</u>
Actual return on plan assets	36	14

**Pensions Trust Scottish Housing Association Pension Scheme - Defined contribution**

*Expense recognised in statement of comprehensive income*

	<b>2015</b>
	<b>£ 000</b>
Current service cost	<u>6</u>
	<u>6</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

### 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:

#### Tenant Board Members

The following members are tenants of the Partnership and have tenancies that are on the Partnership's normal tenancy terms and they cannot use their positions to their advantage.

Theresa Meek  
 Frank Cassidy

Transactions and arrear balances outstanding at 31 March 2015 are as follows:

	2015 £'000
Rent charged during the year	9
Arrear balances outstanding at 31 March 2015	-

#### Other related parties

Related part interests are as follows with West Lothian Council:

Lawrence Fitzpatrick (Councillor)  
 Martyn Day (Councillor)  
 Theresa Meek (employee)

All transactions were on commercial terms and at arms length.

	2015 £'000
Transactions during the year	1
Balances outstanding at 31 March 2015	-

There were no other related party transactions during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

### 21. Cash Flow Analysis

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

	2015 £'000	2014 £'000 Restated
Profit for the financial year	673	826
Depreciation of property, plant and equipment	725	664
(increase)/decrease in trade and other receivables	(61)	15
Increase/(decrease) in trade payables	244	(60)
Pension costs less contributions payable	(13)	(9)
Carrying amount of tangible fixed asset disposals	-	3
<i>Adjustments for investing or financing activities:</i>		
Government grants utilised in the year	(12)	(1)
Interest paid	248	138
Interest received	(5)	(8)
Reversal of previous decrease in valuation of housing properties	(704)	(754)
<b>Net cash generated from operating activities</b>	<b>1,095</b>	<b>814</b>

### 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.

### 23. Prior year adjustments

#### Adjustments following the adoption of FRS 102:

##### 1) Recognition of grant income

Previously capital grant received was netted off against the cost of housing properties. In line with the Housing SORP 2014 and FRS 102, grant received by the Partnership is now recognised as income in line with the performance model. Grant received in advance of the satisfaction of any performance conditions is held within creditors as deferred income. In the statement of financial position, this has resulted in an increase in the carrying value of housing under construction within housing properties, deferred income balances in creditors and the transfer of grant received from revaluation reserves into revenue reserves. On the Statement of Comprehensive Income, the application of the housing valuation on the revised carrying value excluding grant requires a reversal of previous decreases in the valuation to be credited to the surplus for the year. In addition, grant income for completed new build properties is included in turnover for the year and the changes to the accounting for grants increases the annual depreciation charge.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

### **23. Prior year adjustments (continued)**

#### **2) Pension liability**

The Partnership participates in the multi-employer defined benefit Scottish Housing Association Pension Scheme. In prior years, the cost of the scheme was accounted for on a defined contribution basis as it was not deemed possible at that time to separately identify the underlying assets and liabilities of individual participating employers.

Under FRS 102, the past service deficit liability is included in the statement of financial position and therefore the Association elected to obtain a valuation to enable full FRS 102 implementation and disclosures in relation to the scheme. This has resulted in the recognition of a pension liability in the statement of financial position, and adjustments to operating expenditure, finance income and finance costs.

#### **3) Financing transaction costs**

Under FRS 102, financial liabilities are stated inclusive of transaction costs, reducing debtors and reducing long term creditors. Subsequent measurement is made using amortised cost.

#### **4) Holiday pay accrual**

In order to fully comply with requirements of the Housing SORP 2014, a review was undertaken to identify any potential holiday pay entitlement liability at the year-end. An adjustment is included in operating costs

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**23. Prior year adjustments (continued)**

	Number	Reported in 2014 financial statements £'000	Restatement £'000	Restated 2014 figures £'000
<i>Statement of financial position</i>				
Fixed assets – social housing properties	1	14,180	-	14,180
Short-term creditors	4	(719)	(105)	(824)
Pension liability	2	-	(142)	(142)
<b>Net decrease in net assets</b>			(247)	
Pension reserve	2	-	(142)	(142)
Revenue reserve excluding pension reserve	1, 4	2,864	3,871	6,735
Revaluation reserve	1	3,976	(3,976)	-
			(247)	
<i>Statement of comprehensive income</i>				
Operating expenses	2, 4	(1,118)	(259)	(1,377)
Finance costs	2	(132)	(6)	(138)
Reversal of previous decrease in valuation of housing properties	1	-	754	754
Actuarial loss in respect of pension schemes	2	-	(14)	(14)
Unrealised gain on revaluation of fixed assets	1	590	(590)	-
			(115)	
<b>Result for the year</b>		<b>927</b>	<b>(115)</b>	<b>812</b>

## **SUPPLEMENTARY INFORMATION**

### **Secretary and Registered Office**

Kirsten Craig  
West Lothian Housing Partnership Limited  
Wheatley House  
25 Cochrane Street  
Glasgow  
G1 1HL

### **Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
141 Bothwell Street  
Glasgow  
G2 7EQ

### **Bankers**

Royal Bank of Scotland  
Glasgow Corporate Office  
Kirkstane House  
139 St Vincent Street  
Glasgow G2 5JF