



# ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2016

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

(Company No. SC188968)  
(Scottish Housing Regulator Registration No. 318)  
(Scottish Charity No. SC031668)

## **OPERATING REVIEW**

The directors present their annual report and the audited financial statements for the year to 31 March 2016.

### **Principal activities**

The principal activities of West Lothian Housing Partnership Limited (“WLHP” or “the Partnership”) are the provision and management of affordable rented accommodation. The Partnership is a wholly owned subsidiary of The Wheatley Housing Group Limited (“WHG” or “Wheatley”).

### **Review of Business and Future Developments**

#### **Our year at West Lothian Housing Partnership Limited - Annual Highlights 2015-16**

It has been another successful year for WLHP as we worked with our partner organisations in Wheatley to further improve and expand our services.

We introduced new online services for customers, enabling them to do much more when and where it suits them, and were able to introduce extra support for our most vulnerable customers through a new Tenancy Support Service delivered by our partner Loretto Care.

We continued to invest in our homes and communities and brought forward plans for new-build homes.

Above all, it was the year in which we worked with our sister organisations in Wheatley to develop a five-year group strategy - Investing In Our Futures.

Investing In Our Futures spells out Wheatley Group’s vision and aims between now and 2020. For WLHP, this means we have clear and ambitious plans for future growth. Over the next five years WLHP will invest over £1million on upgrades to existing homes and £40million on building new affordable homes in West Lothian. We will also continue to expand services – including improved online services and more services for tenants with care needs – all while keeping rents affordable.

Tenants have been involved throughout the year, in a range of ways, in shaping our services and, after listening to their feedback, we developed a local plan which spells out what Investing In Our Futures means for our communities. To read more about this, visit our website at [www.wlhp.org](http://www.wlhp.org)

Here are some of our highlights for 2015-16.

#### **New homes**

We brought forward plans for our first new-build homes since we were set up, with a total of 152 now in development.

The first new homes to be built will include 55 for social rent in Winchburgh, which are expected to be ready in 2017. Approval has also been given for our first 44 mid-market properties at Jarvie Street, Bathgate.

We plan to invest £40million on building 400 new homes by 2020.

Over the year we invested over £200,000 on improvements to our existing homes. This included installation of over 120 showers within Boghall as well as 15 new kitchens installed in our properties in Stoneyburn.

## **OPERATING REVIEW (continued)**

### **Investment work**

Hundreds of tenants are enjoying the improvements.

Tenants also worked with us to shape the priorities for our £1million investment programme.

Work has started with priorities including:

- Boghall – installation of new kitchens and showers, and a boiler replacement programme
- Rowan / Elm Terrace – installation of new kitchens and showers, and a boiler replacement programme
- Stoneyburn – installation of new kitchens and showers, and a boiler replacement programme
- Perth Street, Craigshill – installation of new kitchens and a boiler replacement programme
- Gowanlea Court, West Calder – environmental works and renewal of flooring in common areas
- Broxburn – environmental works
- Bridgend Court – environmental works and installation of additional kitchen units
- Leyland Road – environmental works and renewal of flooring in common areas
- Elm Court – environmental works.

### **Fuel advice slashes bills**

Tenants across our communities saved £30,000 in the past year thanks to our free benefits advice service.

Our welfare benefits advisor helps tenants claim all the benefits and tax credits they're due.

Free expert advice is also available from our fuel advisor who can help tenants cut their bills and access the cheapest tariffs.

### **Rents frozen for third year**

For the third year running we froze rent levels for 2016/17 after consulting with tenants.

We have been able to hold our rent levels as a result of the efficiencies generated by sharing costs and resources with our other partners in Wheatley Group.

Rents pay for a range of WLHP services, including repairs, tackling anti-social problems and 24-hour customer service.

### **Customers have a say**

Tenants are at the heart of what we do and we want to give them real influence in local decisions. We continued our 'Meet and Greet, Right In Your Street' roadshows where our housing officers engage tenants by visiting our neighbourhoods with a pop-up office on Saturday mornings.

The feedback we gather is used to keep improving what we do.

We held other events for tenants including one in Glasgow where customers from across Wheatley Group learned about our scrutiny panel and tenant-led inspection teams.

The scrutiny panel looks in detail at how WLHP and the rest of the Group performs – for example in environmental services – and reports back to WLHP bosses. Inspection teams look at services from a tenant's perspective and report back on what works well and not so well. We are continuing to work with our sister organisations in Wheatley to engage more people from our communities in local decision-making.

## **OPERATING REVIEW (continued)**

### **Online services**

More than 60 tenants signed up for our new improved online services which went live in summer 2015.

Tenants can now see their account, with details of all their payments and charges, as well as pay their rent or other bills, book a repair or request other services.

The online services are part of our drive to give people more choice about how they get in touch and transact with us.

Up to April 2016, tenants who registered had made a total of £64,000 of payments to their accounts using the new online services.

### **We are 'dementia friendly'**

We became accredited as a 'dementia friendly' organisation – with our staff learning how to better support people with dementia and Alzheimer's stay active in their communities.

WLHP worked closely with Alzheimer Scotland. Housing and environmental teams were trained to identify the early signs of dementia and Alzheimer's and provide the appropriate support. They have pledged to treat customers with dementia with patience, dignity and respect.

The team has also made changes to our office in Bathgate to make it more welcoming for visitors with the condition.

WLHP is the first part of Wheatley Group to achieve 'dementia friendly' status.

### **Customer service excellence**

Our focus on customer service excellence was again recognised this year when Wheatley was awarded accreditation to a prestigious UK scheme.

Wheatley gained Customer Service Excellence (CSE) accreditation - the national standard for excellence in customer service in public sector organisations - with one of the best ratings in the scheme's history.

CSE accreditation is overseen by the UK Government's Cabinet Office and recognises how organisations serve the people they work for.

WLHP was part of the assessment which saw Wheatley awarded 16 ratings of Compliance Plus and 34 ratings of Full Compliance. It is understood that only one other organisation has achieved a higher number of Compliance Plus ratings in the history of the Standard.

### **Improving performance**

We made significant progress across many areas of our business performance this year.

Highlights included:

- overall customer satisfaction was 87%;
- tenants who feel their rent represents good value for money increased from 72% to 76.3%;
- the time taken to undertake non-emergency repairs reduced from 6.77 days to 6.07 days with repairs completed right first time up from 92% to 95%;
- letting performance remained consistent from last year with a low turnover and average length of time to relet under 7 days; and
- rent arrears improved from 5% to 4.7% in the year.



## **OPERATING REVIEW (continued)**

As WLHP stock is all relatively new, the entire stock meets the Scottish Housing Quality Standard.

### **Jobs and training**

Across our parent organisation, Wheatley Group, we created a total of 564 jobs and training places for people in our communities over the year.

One tenant from WLHP secured a training place and we hope to build on this over the next year. We create jobs and training through employability schemes, Modern Apprenticeships and through clauses in our new-build and investment contracts which require contractors to provide employment opportunities for local people.

We also create opportunities through our Wheatley Pledge scheme, which incentivises contractors and suppliers to do more for our communities.

### **Handyperson service helps older tenants**

Wheatley's handyperson service is there to help tenants who are over 60 or disabled with small jobs around the home.

The team, which carried out seven jobs for WLHP tenants, do everything from hanging curtains to plumbing in washing machines and assembling flat-pack furniture.

Tenant Noreen Davidson, from Boghall, said: "I've used the Handyperson to fix a letter box to the back of my door and also hang pictures. It's reassuring to know there are people out there you can turn to if you need a hand."

### **Fond farewell to Board members**

Our Chair Margaret Dunlop stepped down and we also said farewell to some board members. Margaret Dunlop was chair for six years and did a fantastic job guiding WLHP through some key milestones in WLHP's history, including joining Wheatley Group. She remains as a member of the Board.

Five of our Independent Board Members stepped down at our AGM. They were: Audrey Gordon, who had served on the Board since 1998 and the beginning of the Partnership; Councillor Lawrence Fitzpatrick, who joined in 1999; Stewart Melrose who became a member in 2000; Councillor Martyn Day, who joined in 2002, and David McGrouther.

All made outstanding contributions and will be sadly missed.

### **Welcome to our new Chair**

We welcomed John Hill as our new Chair. John, 61, an accountant, took up his new role in October. He has extensive executive-level experience in local government and recently retired from his role as Depute Chief Executive at West Lothian Council, prior to which he headed West Lothian Council's Operational Services.

John has a wide range of experience including overseeing the Council's Direct Labour Organisation (DLO) and senior management roles in relation to business services.

### **Independent auditors**

The directors appointed PricewaterhouseCoopers LLP to act as auditors of the financial statements for the financial year ended 31 March 2016. In accordance with Section 489 of the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditors is to be proposed at the forthcoming Annual General Meeting of Wheatley Housing Group Limited.

## FINANCIAL REVIEW

### Income

The Partnership's turnover (excluding profit on sale of fixed assets and finance income) for the year ended 31 March 2016 totalled £1,603k (2015: £1,595k). The main source of income was net rental and service charge income of £1,587k (2015: £1,585k). 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 £3k (2015: £5k).

### Expenditure

Operating costs in the year totalled £1,428k (2015: £1,383k), largely comprising of the following:

- Management and maintenance administration costs associated with affordable letting activities totalling £324k (2015: £305k).
- £137k of reactive maintenance costs to our social letting properties (2015: £207k).
- £145k of planned and cyclical maintenance costs including major repair costs to improve our social housing properties (2015: £126k).
- Depreciation expenditure for social and non-social housing assets of £748k (2015: £725k).

Operating surplus is £175k (11%) (2015: £212k (13%)).

Other expenditure in the year included £435k of interest due on loan funding (2015: £248k).

Total comprehensive income for the year of £101k (2015: £729k) includes the reversal of a previous decrease on the value of social housing properties of £334k (2015: £704k) and a gain of £24k (2015: gain of £56k) in respect of the SHAPS pension scheme.

### Cashflows

The cash flow statement of the Partnership is shown on page 19. WLHP generated £1,082k from operating activities (2015: £1,095k). Cash and cash equivalents in the year decreased by £809k (2015: increased by £53k), primarily due to the £800k loan repayment in the year.

### Rental debtors

At the balance sheet date, the Partnership had rent arrears of £77k offset by bad debt provisions of £34k (2015: £75k and £33k respectively).

### Liquidity

The Partnership's net current liability as at 31 March 2016 totalled £70k, a decrease of £963k in the year. This was due to the repayment of an intra-group loan during the year and pro-active management of cash. Creditors due after more than one year have decreased to £7,475k from £8,274k. Creditors due to other group companies, which are settled periodically, and do not attract interest, increased during the year by £81k. The Partnership also has access to funding through a Group facility.

### 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.

### Investment in tenants' homes

During the year we invested £208k in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £14,658k (2015: £14,566k).

## FINANCIAL REVIEW (continued)

### Reserves policy

Under the Statement of Recommended (Accounting) Practice (“SORP”) 2014 and Financial Reporting Standard (“FRS”) 102, the Partnership operates with three principal reserves: a revenue reserve, a revaluation reserve and a pension reserve.

#### Revenue reserve

Revenue reserves include historic grant received in respect of the following:

- new build housing properties
- specific projects for which subsidy has been received, such as investment in the energy efficiency of our homes

These grants have been invested for the specific purposes prescribed in the related grant conditions, with this activity typically resulting in an increase in the value of housing properties in the Partnership’s Statement of Financial Position. The Partnership has no ability to realise new cash from this element of reserves, since selling the related assets which were constructed or improved with the grant funds would trigger clawback conditions and require repayment of grant to the Scottish Government or other grant providers. Furthermore, it is not the Partnership’s policy to sell social housing assets; on the contrary, continuing to own and support these while providing excellent services to customers is core to the Partnership’s charitable purpose.

The residual amount of revenue reserves may be invested by the Partnership in line with its 30-year business plan financial projections. Such investment is subject to the Partnership maintaining a viable financial profile over the life of its business plan, as well as approval by the Wheatley Group Board. In approving the Partnership’s business plan annually, the Wheatley Group Board will take into account projected compliance with the loan covenants which apply to the Wheatley RSL Borrower Group, as well as the impact of sensitivity analysis and other risk factors which may apply.

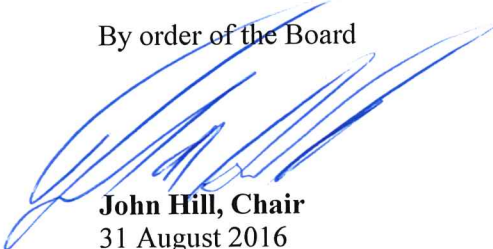
#### Revaluation reserve

The revaluation reserve represents the increase in valuation which has occurred over and above the cost of additions to the Partnership’s property. This reserve is therefore also not realisable, on the basis that to do so would involve selling social housing assets and would therefore undermine the Partnership’s core charitable purpose.

#### Pension reserve

The pension reserve is not a cash reserve available for investment. It represents the amount by which the actuarial valuation of the Partnership’s share of defined benefit pension assets exceeds or is less than its notional pension liabilities. Under FRS 102, the reserve contained within the Statement of Financial Position assumes there is no cessation/exit from the Scottish Housing Associations Pension Scheme in relation to past service liabilities, even though the scheme is closed to new joiners. Fully withdrawing from the scheme would involve liabilities being revalued onto an “exit” basis, with a significant additional premium attached to compensate the pension fund for the risk of reduced membership and inability to seek future contributions from the related members.

By order of the Board



**John Hill, Chair**  
31 August 2016

Wheatley House  
25 Cochrane Street  
Glasgow  
G1 1HL

## **WEST LOTHIAN HOUSING PARTNERSHIP BOARD AND RELATED MATTERS**

### **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:

John Hill (Chair)  
David Cleghorn (Vice Chair)  
Margaret Dunlop  
Jane Dunlop  
Maureen Finlay  
Frank Cassidy \*  
Tom McCormack  
Theresa Meek \*  
Daniel Mullen  
Audrey Gordon (resigned 23 September 2015)  
Councillor Lawrence Fitzpatrick (resigned 23 September 2015)  
Councillor Martyn Day (resigned 23 September 2015)  
Stewart Melrose (resigned 23 September 2015)  
David McGrouther (resigned 23 September 2015)

\* tenant of the Partnership

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

### **Political donations**

No political donations were made by WLHP in the year.

### **Creditor payment policy**

WLHP agrees payment terms with its suppliers when it enters into contracts. The average creditor payment period for the year was within 30 days.

### **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.

### **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.

## **DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL**

The directors acknowledge their responsibility for ensuring that the company has in place systems of control that are appropriate to its business environment.

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



**WEST LOTHIAN HOUSING PARTNERSHIP BOARD AND RELATED MATTERS**  
**(continued)**

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.

**Principal risks facing the Company**

The Board are responsible for assessing the risks facing West Lothian Housing Partnership. As a subsidiary of Wheatley Housing Group, the principal risks are broadly similar to those facing the Group and can be seen in the consolidated financial statements of the Group.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board is responsible for preparing the Annual Report and the financial statements (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 prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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;
- State whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

By order of the Board



**John Hill, Chair**  
31 August 2016

Wheatley House  
25 Cochrane Street  
Glasgow  
G1 1HL

**REPORT BY THE INDEPENDENT AUDITORS TO THE MEMBERS OF WEST  
LOTHIAN HOUSING PARTNERSHIP LIMITED ON THE STATEMENT ON  
INTERNAL FINANCIAL CONTROL**

In addition to our audit of the Financial Statements, we have examined the company's Statement on Internal Financial Control on pages 8 and 9 concerning the company's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of opinion**

We carried out our examination having regard to the guidance on corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council, through enquiry of certain members of the Board and officers of the company and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the company's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on pages 8 and 9 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
Chartered Accountants  
Glasgow  
31 August 2016

## **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 2016 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 2014.

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

The financial statements comprise:

- the registered provider's statement of financial position as at 31 March 2016;
- the registered provider's statement of comprehensive income and statement of changes in reserves;
- the registered provider's statement of cash flows 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 United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law (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.

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

In our opinion, the information given in the Annual 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 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 Statement of Directors' Responsibilities set out on page 10, 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 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 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.



Lindsey Paterson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
31 August 2016

- (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 FOR THE YEAR ENDED 31 MARCH 2016**

	<b>Note</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Turnover	3	1,603	1,595
Operating expenditure	3	(1,428)	(1,383)
Operating surplus		<u>175</u>	<u>212</u>
Finance income	8	3	5
Finance charges	9	(435)	(248)
Reversal of previous decrease in valuation of housing properties		334	704
Surplus for the year		<u>77</u>	<u>673</u>
Actuarial gain in respect of pension schemes		24	56
Total comprehensive income for the year		<u><u>101</u></u>	<u><u>729</u></u>

All amounts relate to continuing operations.

The notes on pages 19 to 34 form part of these financial statements.

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2016**

	<b>Revenue Reserve £'000</b>	<b>Total Reserves £'000</b>
Balance at 1 April 2014	6,593	6,593
Surplus for the year	673	673
Actuarial gain in respect of pension schemes	56	56
Balance at 1 April 2015	7,322	7,322
Surplus for the year	77	77
Actuarial gain in respect of pension schemes	24	24
Balance at 31 March 2016	7,423	7,423

All amounts relate to continuing operations.

The notes on pages 19 to 34 form part of these financial statements.



**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016**

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Social housing properties	13	14,658	14,566
Other tangible assets	14	357	216
		<u>15,015</u>	<u>14,782</u>
<b>Current assets</b>			
Trade and other debtors	15	57	149
Cash and cash equivalents		678	1,487
		<u>735</u>	<u>1,636</u>
<b>Creditors: amounts falling due within one year</b>	16	(806)	(743)
<b>Net current (liabilities)/assets</b>		<u>(71)</u>	<u>893</u>
<b>Total assets less current liabilities</b>		14,944	15,675
<b>Creditors: amounts falling due after more than one year</b>	17	(7,474)	(8,274)
<b>Provisions for liabilities</b>			
Pension liability	18	(47)	(79)
<b>Total net assets</b>		<u>7,423</u>	<u>7,322</u>
<b>Reserves</b>			
Revenue reserve excluding pension reserve		7,470	7,401
Pension reserve	18	(47)	(79)
Revenue reserve		7,423	7,322
<b>Total reserves</b>		<u>7,423</u>	<u>7,322</u>

These financial statements were approved by the Board on 17 August 2016 and were signed on its behalf on 31 August 2016 by:



John Hill  
Chair

The notes on pages 19 to 34 form part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £'000	2015 £'000
<b>Net cash generated from operating activities</b>	20	<u>1,082</u>	<u>1,095</u>
<b>Cash flow from investing activities</b>			
Improvement of properties	13	(208)	(297)
New build	13	(202)	(86)
Purchase of other fixed assets	14	(238)	(240)
Grants received		20	12
Finance income	8	<u>3</u>	<u>5</u>
<b>Net cash from investing activities</b>		<u>(625)</u>	<u>(606)</u>
<b>Cash flows from financing activities</b>			
Finance charges		(467)	(61)
Intra-group loan drawn down		-	8,274
Repayments of intra-group loan		(800)	-
Repayments of bank loans		<u>-</u>	<u>(8,649)</u>
<b>Net cash from financing activities</b>		<u>(1,266)</u>	<u>(436)</u>
<b>Net change in cash and cash equivalents</b>		(809)	53
<b>Cash and cash equivalents at 1 April</b>		1,487	1,434
<b>Cash and cash equivalents at 31 March</b>		<u>678</u>	<u>1,487</u>

The notes on pages 19 to 34 form part of these financial statements

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

### **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 2014. 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 2014, 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 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 2016 (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. All financial assets and liabilities are held 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 Limited previously participated in the Pensions Trust Scottish Housing Association Pension Scheme (SHAPS) Defined Benefit 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.

A 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 result in incremental future benefits from 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 2016 (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	not depreciated
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 2016 (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/(deficit)

	Turnover	Operating expenditure	2016 Operating surplus/ (deficit)	2015 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	1,603	(1,289)	314	238
Other activities (note 5)	-	(139)	(139)	(26)
<b>Total</b>	<u>1,603</u>	<u>(1,428)</u>	<u>175</u>	<u>212</u>
Total for previous reporting period	<u>1,595</u>	<u>(1,383)</u>	<u>212</u>	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

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

	<b>2016 General Needs Social Housing £'000</b>	<b>2015 General Needs Social Housing £'000</b>
Rent receivable net of service charges	1,565	1,564
Service charges	22	21
<b>Gross income from rents and service charges</b>	<b>1,587</b>	<b>1,585</b>
Less rent losses from voids	(1)	(2)
<b>Net income from rents and service charges</b>	<b>1,586</b>	<b>1,583</b>
Revenue grants from Scottish Ministers	17	12
<b>Total turnover from affordable letting activities</b>	<b>1,603</b>	<b>1,595</b>
Management and maintenance administration costs	324	305
Service costs	25	18
Planned and cyclical maintenance including major repairs costs	145	126
Reactive maintenance costs	137	207
Bad debts – rents and service charges	7	-
Depreciation of affordable let properties	651	701
<b>Operating costs from affordable letting activities</b>	<b>1,289</b>	<b>1,357</b>
<b>Operating surplus from affordable letting activities</b>	<b>314</b>	<b>238</b>

The disclosure of turnover, operating costs and operating surpluses from affordable letting activities reflects the requirements of the Housing SORP 2014.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (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	2016 Operating deficit £'000	2015 Operating deficit £'000
Wider role activities to support the community	-	-	-	(27)	(27)	(2)
Development and construction of property activities	-	-	-	(15)	(15)	-
Depreciation – non social housing	-	-	-	(97)	(97)	(24)
<b>Total from other activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(139)</b>	<b>(139)</b>	<b>(26)</b>
Total from other activities for the previous reporting period	-	-	-	(26)	(26)	

### 6. Board members' emoluments

Board members received £273 (2015: £207) by way of reimbursement of expenses.

### 7. Employees

	2016 No.	2015 No.
The average monthly number of full time equivalent persons employed during the year was	4	4
The average total number of employees employed during the year was	5	5

There were no employees paid in excess of £60,000 during the year (2015: nil).

	2016 £'000	2015 £'000
Staff costs during the year were as follows:		
Wages and salaries	139	125
Social security costs	11	6
Pension costs	28	28
Pension service credit	(11)	(13)
	<u>167</u>	<u>146</u>

### 8. Finance income

	2016 £'000	2015 £'000
Bank interest receivable on deposits in the year	<u>3</u>	<u>5</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**9. Finance charges**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on housing loans	432	242
Net interest charge on pension liability	<u>3</u>	<u>6</u>
	<u>435</u>	<u>248</u>

**10. Auditors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	6	6
Other services	-	-

**11. Financial commitments**

**Capital commitments**

All capital commitments of the Partnership were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure contracted for, but not provided in the financial statements	-	-
Expenditure authorised by the Board but not contracted	7,181	-
	<u>7,181</u>	<u>-</u>

**12. Operating leases**

At 31 March 2016 the Partnership had annual commitments under non-cancellable operating leases as follows:

	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Land and Buildings</b>	<b>Other</b>	<b>Land and Buildings</b>	<b>Other</b>
Operating leases that expire:				
Within one year	15	-	15	-
In the second to fifth years inclusive	40	-	55	-
Over five years	-	-	-	-
	<u>55</u>	<u>-</u>	<u>70</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

### 13. Social Housing Properties

	Housing Properties Held for Letting £'000	Housing Under Construction £'000	Total £'000
<b>At valuation</b>			
At 1 April 2015	14,480	86	14,566
Additions	208	202	410
Disposals	-	-	-
Re-valuation	(318)	-	(318)
At 31 March 2016	14,370	288	14,658
<b>Accumulated Depreciation</b>			
At 1 April 2015	-	-	-
Charge for year	(651)	-	(651)
Disposals	-	-	-
Re-valuation	651	-	651
At 31 March 2016	-	-	-
<b>Net Book Value - valuation</b>			
At 31 March 2016	14,370	288	14,658
At 31 March 2015	14,480	86	14,566
<b>Net Book Value - cost</b>			
At 31 March 2016	24,603	288	24,891
At 31 March 2015	25,046	86	25,132

Additions to Core Stock of £208k in the year relate to the improvement of components only.

Social 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 2016 on an Existing Use Valuation for Social Housing (EUV-SH). A discount rate of 5.75% – 6.50% has been used (2015: 5.75% - 6.25%). The valuation assumes a long term rent increase of between 0% - inflation + 0.5%, in line with the Partnership's 30 year Business Plan (2016-17). 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 2015-16 West Lothian Housing Partnership Limited did not dispose of any properties to tenants under Right to Buy entitlements (2014-15: nil).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

### 13. Social Housing Properties (continued)

The number of units of accommodation owned and managed by the Partnership at 31 March 2016 is shown below:

	2016 No.	2015 No.
General Needs	<u>381</u>	<u>381</u>

### 14. Other tangible assets

	Office Premises £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2015	235	5	240
Additions	230	8	238
Disposals	-	-	-
At 31 March 2016	<u>465</u>	<u>13</u>	<u>478</u>
<b>Accumulated Depreciation</b>			
At 1 April 2015	23	1	24
Charge for year	93	4	97
Disposals	-	-	-
At 31 March 2016	<u>116</u>	<u>5</u>	<u>121</u>
<b>Net Book Value</b>			
At 31 March 2016	<u>349</u>	<u>8</u>	<u>357</u>
At 31 March 2015	<u>212</u>	<u>4</u>	<u>216</u>

### 15. Trade and other debtors

	2016 £'000	2015 £'000
Arrears of rent and service charges	77	75
Less: provision for bad and doubtful debts	<u>(34)</u>	<u>(33)</u>
	43	42
Prepayments	-	3
Other debtors	14	19
Due from other group companies	-	85
Total	<u>57</u>	<u>149</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	5	1
Accruals	316	340
Rent and service charges received in advance	35	31
Tax and social security	3	5
Due to other group companies	447	366
	<u>806</u>	<u>743</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Due to other group companies	<u>7,474</u>	<u>8,274</u>

**Bank lending facility**

Borrowing arrangements are in place 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. This facility includes £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 provides total facilities of £958.5m for RSLs in the Wheatley Group to develop new housing. This facility is provided through Wheatley Funding No1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Limited, with West Lothian Housing Partnership Limited having access to an intra-group facility of £18.7m, secured on the Partnership's housing stock.

Borrowings are repayable as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
In less than one year	-	-
In more than one year but less than five years	-	-
In more than five years	7,474	8,274
	<u>7,474</u>	<u>8,274</u>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

### **18. Pensions**

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

West Lothian Housing Partnership Limited 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 currently underway.

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 2016.

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 2016 (continued)

### 18. 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 2016	31 March 2015
Discount rate	3.8%	3.4%
Future salary increases	*2.5%	*2.5%
Inflation	2.1%	2.0%

\* Salary increases are assumed to be 2% p.a. until 31 March 2019, 2.5% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2016, 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) (2015: 22.1 years), 23.6 years (female) (2015: 23.6 years)
- Future retiree upon reaching 65: 24.8 years (male) (2015: 24.8 years), 26.2 years (female) (2015: 26.2 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 2016 (continued)**

**18. Pensions (continued)**

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

*Movements in present value of defined benefit obligation*

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	<b>325</b>	<b>338</b>
Current service cost	-	3
Interest cost	11	15
Contributions by members	-	4
Actuarial gains	(23)	(29)
Estimated benefits paid	(9)	(6)
Closing defined benefit obligation	<b>304</b>	<b>325</b>

*Movements in fair value of plan assets*

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of plan assets	<b>246</b>	<b>196</b>
Expected return on plan assets	1	27
Interest income	8	9
Contributions by the employer	11	16
Contributions by the members	-	4
Estimated benefits paid	(9)	(6)
Administration costs	-	-
Closing fair value of plan assets	<b>257</b>	<b>246</b>
<b>Net liability</b>	<b>(47)</b>	<b>(79)</b>

*Expense recognised in statement of comprehensive income*

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	-	3
Administration costs	-	-
Interest on defined benefit pension plan obligation	3	6
Expected return on defined benefit pension plan asset	1	27
Actuarial gains/(losses)	23	29
	<b>27</b>	<b>65</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**18. 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>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Operating expenses	(1,428)	(1,394)
Finance costs	(435)	(248)

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £24k gain (2015: £56k gain).

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

	<b>2015</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Equities	95	89
Corporate bonds	82	89
Property	13	12
Alternatives	62	54
Cash and other	5	2
	<u>257</u>	<u>246</u>
Actual return on plan assets	9	36

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

*Expense recognised in statement of comprehensive income*

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	<u>11</u>	<u>6</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

### 19. 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 2016 are as follows:

	<b>2016 £'000</b>
Rent charged during the year	9
Arrear balances outstanding at 31 March 2016	-

#### 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.

	<b>2016 £'000</b>
Transactions during the year	2
Balances outstanding at 31 March 2016	2

There were no other related party transactions during the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**20. Cash Flow Analysis**

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Surplus for the financial year	77	673
Depreciation of property, plant and equipment	748	725
(Increase)/decrease in trade and other receivables	92	(61)
Increase/(decrease) in trade payables	95	244
Pension costs less contributions payable	(11)	(13)
Carrying amount of tangible fixed asset disposals	-	-
<i>Adjustments for investing or financing activities:</i>		
Government grants utilised in the year	(17)	(12)
Interest paid	435	248
Interest received	(3)	(5)
Reversal of previous decrease in valuation of housing properties	(334)	(704)
<b>Net cash generated from operating activities</b>	<u>1,082</u>	<u>1,095</u>

**21. 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**

### **Secretary and Registered Office**

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

### **Independent 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