



# ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2018

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

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

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year to 31 March 2018.

### **Principal activities**

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

## **OPERATING REVIEW**

It has been a busy year at West Lothian Housing Partnership as our plans to build new homes gathered momentum and we further improved and expanded services for tenants. We also continued our £1.3m investment in existing homes with more tenants receiving new kitchens, showers and boilers.

Our new repairs and maintenance service, delivered for us by our sister organisation in Wheatley Group, Dunedin Canmore, went from strength to strength. Closer working between tradespeople and housing staff has helped create a more efficient, more responsive repairs service which has far greater focus on getting things right for the customer.

Overall customer satisfaction with WLHP is an important barometer of the progress we are making on our journey to excellence. 97% of tenants who were surveyed in 2017/18 said they were satisfied overall with WLHP as a landlord. This is our highest ever result and is testament to the hard work and dedication of our staff at WLHP.

### **Our year of success**

We maintained high levels in all our satisfaction results with many areas of performance improving.

Our tenant satisfaction rose to 97%, the highest ever and up from 93.5% the previous year. Other performance highlights included:

- 94% of tenants were satisfied with their neighbourhood which has increased from 90% the year before.
- 94% of existing tenants were satisfied with the quality of their home which has improved from 85.4%.
- 100% of WLHP tenants were happy with the quality of their home when moving in.

### **Our repairs service**

More tenants were happy with our newly reshaped repairs and maintenance service in 2017/18. Satisfaction with the service was the highest ever for WLHP at 89% up from 88.4% in 2016/17. Emergency repairs were completed on average in 2.8 hours, down from just over four hours.

The improvements came after we rolled out our new repairs and maintenance service delivered by our sister organisation in Wheatley Group, Dunedin Canmore. Improvements to the service include:

- Tradespeople becoming more multi-skilled so they can complete straightforward repairs during one visit;
- Closer working between repairs and housing staff; and
- Greater focus on the customer with tradespeople taking more control of each step of even the most complex job.

## **OPERATING REVIEW (continued)**

### **Building and improving homes**

WLHP progressed work on 182 new homes; 140 of them for social rent and 42 for mid-market rent. Mid-market homes provide a good alternative for people looking for affordable housing but who perhaps do not have priority for a social home.

The homes being worked on in 2017/18 included:

- 55 for social rent at Winchburgh as part of a wider regeneration project of Winchburgh village.
- 42 for mid-market rent at Jarvey Street in Bathgate.
- 85 for social rent in Dixon Terrace, Whitburn.

The three developments are part of ambitious plans for new homes which will see WLHP almost double in size by 2021.

We also invested £262,000 in existing WLHP homes including 13 bathroom upgrades and 78 new boiler replacements.

### **Investing in neighbourhoods**

Our environmental team continued to make a difference to our neighbourhoods by being out and about each day, cleaning, tidying, weeding, cutting grass, clearing litter and removing graffiti.

Our Community Improvement Partnership (“CIP”) sees police and fire officers seconded to Wheatley Group to work closely with housing staff to keep local communities safe. It was further strengthened with a number of new roles including five new behaviour change officers to support young people in trouble to turn their lives around and two new fire safety officers.

Fire safety remained a top priority for us and we introduced a Stay Safe campaign to encourage all tenants to get a home fire safety visit.

We were delighted 94% of tenants reported they were satisfied with their neighbourhoods, up from 90%.

### **Rents and value for money**

We want tenants to feel their rent represents value for money and are pleased to report 89% of tenants said they felt it was value, up 87.4% of tenants in 2016/17. Gross rent arrears saw a significant reduction in WLHP over the year, coming down from 4.2% to 2.2%.

### **Engaging with customers**

We continued to engage with customers across a range of channels, listening to their feedback and using it to improve services. Satisfaction with keeping tenants informed about services and decisions rose from 93.5% to 95%. Tenants were also happier about opportunities to participate in decision making at WLHP with satisfaction on this improving from 94% to 96%.

We consulted customers formally on a new allocations policy – due to be introduced as part of “My Housing”, our new housing advice, information and letting service later in 2018 – with their feedback influencing the final service. We also consulted tenants on three options for rent charges for 2018/19.

We held a range of community events across all our areas and continued to involve tenants in local decisions through our scrutiny panel and forums.

## **OPERATING REVIEW (continued)**

We also reached out to more tenants through online channels, with over 660 people following us on Facebook and our website audience growing with around 600 visitors a month. Almost 100 tenants were registered for online self-service at the end of the financial year with people finding it quick and convenient to pay rent, check their account, book a repair or request a service. Since then we have simplified the sign-up process, encouraging dozens more people to register and use online self-service.

### **Supporting our customers**

We supported our tenants and their families to get the most out of their lives through a range of services and projects, many of which are funded through the Wheatley Foundation, our charitable trust. This included providing jobs and training opportunities, support to get ready for work for those facing the biggest challenges, help with money, budgeting and benefits, access to bursaries to go to university and access to arts and sports projects.

Over 2017/18 we:

- Supported four WLHP customers into jobs or training.
- Helped two people from our homes go to college or university through Wheatley Foundation's bursary scheme which provides people with up to £1,500 funding a year.
- Provided support to 40 newer tenants to help them manage their finances and settle into their community through the Wheatley "My Great Start" service.

### **Independent auditor**

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor is to be proposed at the forthcoming Annual General Meeting.



## FINANCIAL REVIEW

### Income

WLHP's turnover from operations (excluding finance income) for the year ended 31 March 2018 totalled £1,640k (2017: £1,625k). All of our income was from net rental and service charge income with the exception of £21k (2017: £46k) of Government grants for medical adaptations at a number of our properties.

### Expenditure

Operating costs in the year totalled £1,490k (2017: £1,292k), largely comprising of the following:

- Management and maintenance administration costs associated with affordable letting activities totalling £334k (2017: £294k).
- £147k of planned and cyclical maintenance costs to our social housing properties (2017: £135k).
- £229k of reactive maintenance costs to our social letting properties (2017: £151k).
- Depreciation expenditure for social and non-social housing assets of £735k (2017: £640k).

WLHP generated an operating surplus of £150k or 9.1% (2017: £333k or 20%) in the year.

In the year WLHP replaced components held within properties, reporting a net loss on disposal of fixed assets of £23k (2017: £198k). Other expenditure in the year included £265k of interest due on loan funding (2017: £404k).

Total comprehensive income for the year of £288k (2017: £884k) includes the reversal of a previous decrease on the value of social housing properties of £441k (2017: £1,172k) and an actuarial loss of £13k (2017: loss of £20k) in respect of the SHAPS pension scheme.

### Cashflows

The cash flow statement of WLHP is shown on page 15. WLHP generated nil cash from operating activities, noting that after an intercompany transaction there is an underlying surplus of £600k (2017: surplus £801k). Cash and cash equivalents in the year decreased by £1,066k (2017: increased by £637k), primarily due to the timing of intra-group loan draw downs, with cash balances being proactively managed.

### Rental debtors

At the balance sheet date, WLHP had rent arrears of £36k offset by bad debt provisions of £7k (2017: £42k and £10k respectively).

### Liquidity

WLHP reported net current liabilities of £4,397k as at 31 March 2018 – a decrease of £4,828k from the net current asset of £431k reported as at 31 March 2017. This was due to short term deferred income creditors of £4,397k (2017: nil), which will be released to income on completion of new build properties, and the timing of intra-group loan draw downs. Creditors due after more than one year (excluding deferred income) have increased by £3,009k, reflecting £3m of loan drawn down in the year. Creditors due to other group companies, which are settled periodically, and do not attract interest, decreased during the year by £477k. WLHP also has access to funding through a Group facility.

### Capital structure and treasury

WLHP'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 ("WFL1"), as detailed in note 18. WLHP has access to an intra-group facility of £14.7m. Interest rate risk is managed at a group level by WFL1.

## FINANCIAL REVIEW (continued)

### Investment in tenants' homes

During the year we invested £262k in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £24,386k (2017: £16,416k).

### Reserves policy

Under the Statement of Recommended (Accounting) Practice ("SORP") 2014 and Financial Reporting Standard ("FRS") 102, WLHP operates with one principal reserve: a revenue reserve.

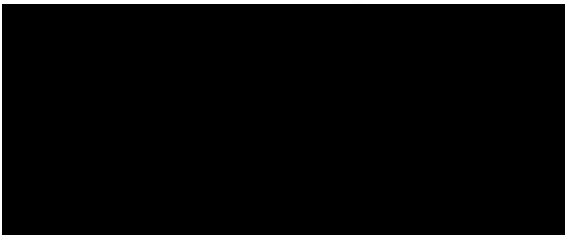
#### Revenue reserve

Revenue reserve includes 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 WLHP's Statement of Financial Position. WLHP 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 WLHP'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 WLHP's charitable purpose.

The residual amount of revenue reserves may be invested by WLHP in line with its 30-year business plan financial projections. Such investment is subject to WLHP maintaining a viable financial profile over the life of its business plan, as well as approval by the Wheatley Group Board. In approving WLHP'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.



29 August 2018

Wheatley House  
25 Cochrane Street  
Glasgow  
G1 1HL

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

### **Directors and directors' interests**

The directors of WLHP who held office during the year and up to the signing of the financial statements were:

John Hill (Chair)  
Frank Cassidy \*  
Maureen Finlay  
Nadeem Hanif  
Tom McCormack (resigned 30 March 2018)  
Lorraine Smart  
Mairi Martin (appointed 3 November 2017)  
Lesley Anne Williams (appointed 17 April 2018)  
Tracy Ann Taylor (removed 4 October 2017)

\* tenant of WLHP

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 auditor is 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 auditor is 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.

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 IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

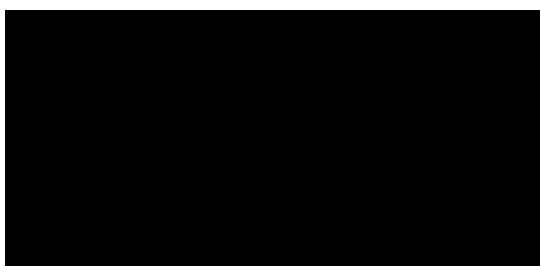
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 profit or loss 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 estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board



Wheatley House  
25 Cochrane Street  
Glasgow  
G1 1HL

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF WEST LOTHIAN HOUSING PARTNERSHIP LIMITED**

### **Opinion**

We have audited the financial statements of West Lothian Housing Partnership Limited ("the association") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the association as at 31 March and of its surplus for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2014, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Other information**

The association's Board is responsible for the other information, which comprises the directors' report and the Statement on Internal Financial Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the directors' report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

- the Statement on Internal Financial Control on page 8 does not provide 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; or
- the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF WEST LOTHIAN HOUSING PARTNERSHIP LIMITED (Continued)**

### **Matters on which we are required to report by exception**

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

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Board's responsibilities**

As more fully explained in their statement set out on page 9, the association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 69 of the Housing (Scotland) Act 2010 and to the charity's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association as a body, for our audit work, for this report, or for the opinions we have formed.



**Andrew Shaw**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

319 St Vincent Street  
Glasgow G2 5AS

*KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*





**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Note</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Turnover	3	1,640	1,625
Operating expenditure	3	(1,490)	(1,292)
Operating surplus		<u>150</u>	<u>333</u>
Loss on disposal of fixed asset	8	(23)	(198)
Finance income	9	-	2
Finance charges	10	(267)	(405)
Reversal of previous decrease in valuation of housing properties		441	1,172
Surplus for the year		<u>301</u>	<u>904</u>
Actuarial loss in respect of pension schemes		(13)	(20)
Total comprehensive income for the year		<u><u>288</u></u>	<u><u>884</u></u>

All amounts relate to continuing operations.

The notes on pages 16 to 34 form part of these financial statements.



## STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2018

	<b>Revenue Reserve £'000</b>
Balance at 1 April 2016	7,423
Total comprehensive income	884
Balance at 1 April 2017	<u>8,307</u>
Total comprehensive income	288
Balance at 31 March 2018	<u>8,595</u>

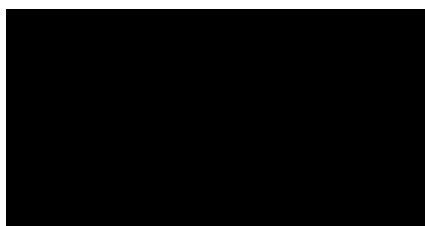
All amounts relate to continuing operations.

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**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

		<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Note</b>		
<b>Fixed assets</b>			
Social housing properties	14	24,386	16,416
Other tangible assets	15	272	326
		<u>24,658</u>	<u>16,742</u>
<b>Current assets</b>			
Trade and other debtors	16	922	55
Cash and cash equivalents		249	1,315
		<u>1,171</u>	<u>1370</u>
<b>Creditors: amounts falling due within one year</b>	17	(5,568)	(939)
<b>Net current (liabilities)/assets</b>		<u>(4,397)</u>	<u>431</u>
<b>Total assets less current liabilities</b>		20,261	17,173
<b>Creditors: amounts falling due after more than one year</b>	18	(11,608)	(8,809)
<b>Provisions for liabilities</b>			
Pension liability	19	(58)	(57)
<b>Total net assets</b>		<u>8,595</u>	<u>8,307</u>
<b>Reserves</b>			
Revenue reserve		8,595	8,307
<b>Total reserves</b>		<u>8,595</u>	<u>8,307</u>

These financial statements were approved by the Board on 15 August 2018 and were signed on its behalf on 29 August 2018 by:



Chair

The notes on pages 16 to 34 form part of these financial statements.  
Company Registration Number SC188968

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £'000	2017 £'000
<b>Net cash generated from operating activities</b>	21	-	801
<b>Cash flow from investing activities</b>			
Improvement of properties		(543)	(617)
New build		(7,025)	(488)
Purchase of other fixed assets		-	(17)
Grants received		3,958	863
Interest received		-	2
<b>Net cash from investing activities</b>		(3,610)	(257)
<b>Cash flows from financing activities</b>			
Interest paid		(456)	(407)
Intra-group loan drawn down		3,000	500
Repayments of intra-group loan		-	-
<b>Net cash from financing activities</b>		2,544	93
<b>Net change in cash and cash equivalents</b>		(1,066)	637
<b>Cash and cash equivalents at 1 April</b>		1,315	678
<b>Cash and cash equivalents at 31 March</b>		249	1,315

The notes on pages 16 to 34 form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 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. WLHP provides social housing and associated services for general needs. The registered office is Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL. WLHP is a public benefit entity.

### 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, to all periods presented in these financial statements.

#### Basis of accounting

The financial statements of WLHP 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 presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Association and the preparation of long term 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. Whilst the Statement of Financial Position shows net current liabilities, a loan facility is in place which allows the Association to borrow sufficient funds to meet its current liabilities as they fall due.

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.

#### Accounting judgements and estimations

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

Judgements have been made in:

- Determining the appropriate discount rates used in the valuation of housing properties;
- Component accounting and the assessment of useful lives;
- Allocation of share of assets and liabilities for multi-employer pension schemes. Judgments in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi-employer pension schemes and estimations performed by the Group's actuarial advisers.

#### Related party disclosures

WLHP 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.



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

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

#### **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.

#### **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, WLHP'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. WLHP'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 administered by the Salvus Master Trust has also been made available to all employees.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

### 2. Accounting policies (continued)

#### Fixed assets - housing properties

In accordance with SORP 2014, WLHP 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. Annual valuation movements are reported in the Statement of Comprehensive Income. Housing properties are initially stated at cost, being 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.

#### • 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, WLHP's asset management strategy and the requirement of Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, WLHP 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 years
External environment	20 years
Heating system boiler	12 years
Internal works & common areas	20 years
Kitchens	20 years
Mechanical, Electrical & Plumbing	25 years
Structure & roofs	50 years
Windows and doors	30 years

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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

### 2. Accounting policies (continued)

#### • 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.

WLHP's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including staff costs attributable to the delivery of the capital investment programme;
- The cost of packages of work completed on void properties; 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.

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 improvements	10 years
Furniture, fittings and office equipment	3 years

#### Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

### 2. Accounting policies (continued)

#### Taxation

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

#### Value Added Tax

WLHP 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	2018 Operating surplus/ (deficit)	2017 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	1,640	(1,421)	219	425
Other activities (note 5)	-	(69)	(69)	(92)
<b>Total</b>	<u>1,640</u>	<u>(1,490)</u>	<u>150</u>	<u>333</u>
Total for previous reporting period	<u>1,625</u>	<u>(1,292)</u>	<u>333</u>	



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

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

	<b>2018</b>	<b>2017</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>£'000</b>	<b>£'000</b>
Rent receivable net of service charges	1,597	1,559
Service charges	22	21
<b>Gross income from rents and service charges</b>	<b>1,619</b>	<b>1,580</b>
Less rent losses from voids	-	(1)
<b>Net income from rents and service charges</b>	<b>1,619</b>	<b>1,579</b>
Revenue grants from Scottish Ministers	-	-
Grants released from deferred income	21	46
<b>Total turnover from affordable letting activities</b>	<b>1,640</b>	<b>1,625</b>
Management and maintenance administration costs	(334)	(294)
Service costs	(28)	(26)
Planned and cyclical maintenance including major repairs costs	(147)	(135)
Reactive maintenance costs	(229)	(151)
Bad debts – rents and service charges	(2)	(2)
Depreciation of affordable let properties	(681)	(592)
<b>Operating costs from affordable letting activities</b>	<b>(1,421)</b>	<b>(1,200)</b>
<b>Operating surplus from affordable letting activities</b>	<b>219</b>	<b>425</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 2018 (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	2018 Operating deficit £'000	2017 Operating deficit £'000
Depreciation – non social housing	-	-	-	(54)	(54)	(48)
Organisation restructuring	-	-	-	-	-	(14)
Wider role activities to support the community	-	-	-	(15)	(15)	(30)
<b>Total from other activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(69)</b>	<b>(69)</b>	<b>(92)</b>
Total from other activities for the previous reporting period	-	-	-	(92)	(92)	

### 6. Board members' emoluments

Board members received £112 (2017: £810) by way of reimbursement of expenses.

### 7. Employees

	2018 No.	2017 No.
The average monthly number of full time equivalent persons employed during the year was	6	5
The average total number of employees employed during the year was	7	6

WLHP's key management are employed by another Group subsidiary and the Partnership is recharged an appropriate share of salary costs. Under this arrangement no emoluments recharged for any individual were greater than £60,000.

	2018 £'000	2017 £'000
Staff costs during the year were as follows:		
Wages and salaries	217	169
Social security costs	22	17
Pension costs	41	32
FRS 102 pension adjustment	(14)	(11)
	<u>266</u>	<u>207</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

**8. Loss on disposal of fixed assets**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Proceeds	-	-
Value of components (properties held for let) disposed of	<u>(23)</u>	<u>(198)</u>
	<u>(23)</u>	<u>(198)</u>

**9. Finance income**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable on deposits in the year	<u>-</u>	<u>2</u>

**10. Finance charges**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on housing loans	265	404
Net interest charge on pension liability	<u>2</u>	<u>1</u>
	<u>267</u>	<u>405</u>

**11. Auditor's remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of these financial statements	7	7
Other services	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

### 12. Financial commitments

#### Capital commitments

All capital commitments of WLHP were as follows:

	2018 £'000	2017 £'000
Expenditure contracted for, but not provided in the financial statements	4,155	3,468
Expenditure authorised by the Board but not contracted	29,162	6,970
	33,317	10,438

### 13. Operating leases

At 31 March WLHP had total commitments under non-cancellable operating leases as follows:

	2018 £'000		2018 £'000		2017 £'000		2017 £'000
	Land and Buildings		Other		Land and Buildings		Other
Commitments falling due:							
Within one year	15		-		15		-
In the second to fifth years inclusive	11		-		26		-
Over five years	-		-		-		-
	26		-		41		-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

### 14. Social Housing Properties

	Housing Properties Held for Letting £'000	Housing Under Construction £'000	Total £'000
<b>At valuation</b>			
At 1 April 2017	15,530	886	16,416
Additions	262	7,970	8,232
Disposals	(27)	-	(27)
Revaluation	(235)	-	(235)
At 31 March 2018	15,530	8,856	24,386
<b>Accumulated Depreciation</b>			
At 1 April 2017	-	-	-
Charge for year	681	-	681
Disposals	(5)	-	(5)
Revaluation	(676)	-	(676)
At 31 March 2018	-	-	-
<b>Net Book Value - valuation</b>			
At 31 March 2018	15,530	8,856	24,386
At 31 March 2017	15,530	886	16,416
<b>Net Book Value - cost</b>			
At 31 March 2018	24,259	8,856	33,115
At 31 March 2017	24,706	886	25,592

Total expenditure in the year on existing properties was £638k (2017: £1,064k). Of this, repair costs of £376k (2017: £286k) were charged to the Statement of Comprehensive Income (note 4) and capital works of £262k (2017: £778k) were included as additions to properties held for letting on the Statement of Financial Position (note 14). Capital works were:

- £222k in relation to the replacement of components (2017: £736k); and
- £40k on the improvement of components (2017: £42k).

Additions to housing under construction include capitalised interest costs of £217k (2017: £21k). Interest has been capitalised at the weighted average interest cost for the Association of 5.50% (2017: 5.56%)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

### 14. Social Housing Properties (continued)

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 2018 on an Existing Use Valuation for Social Housing ("EUV-SH"). A discount rate of 5.75% – 6.50% has been used (2017: 5.75% - 6.50%). The valuation assumes a long term rent increase of between 0% - inflation + 0.5%, in line with WLHP's 30 year Business Plan (2018/19). 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 2017/18 West Lothian Housing Partnership Limited did not dispose of any properties to tenants under Right to Buy entitlements (2017: nil).

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

	2018 No.	2017 No.
General Needs	<u>381</u>	<u>381</u>

### 15. Other tangible assets

	Office Improvements £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2017	478	17	495
Additions	-	-	-
At 31 March 2018	<u>478</u>	<u>17</u>	<u>495</u>
<b>Accumulated Depreciation</b>			
At 1 April 2017	158	11	169
Charge for year	49	5	54
At 31 March 2018	<u>207</u>	<u>16</u>	<u>223</u>
<b>Net Book Value</b>			
At 31 March 2018	<u>271</u>	<u>1</u>	<u>272</u>
At 31 March 2017	<u>320</u>	<u>6</u>	<u>326</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

**16. Trade and other debtors**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Arrears of rent and service charges	36	42
Less: fair value adjustment	-	(1)
Less: provision for bad and doubtful debts	(7)	(10)
	<u>29</u>	<u>31</u>
Prepayments	2	1
Other debtors	287	20
Due from other group companies	604	3
Total	<u>922</u>	<u>55</u>

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

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	1	3
Accruals	865	142
Deferred income (note 18)	4,397	-
Other creditors	79	89
Rent and service charges received in advance	35	37
Tax and social security	6	6
Due to other group companies	185	662
	<u>5,568</u>	<u>939</u>

Amounts owed to 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 2018 (continued)**

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income	607	817
Due to other group companies	11,001	7,992
	<u>11,608</u>	<u>8,809</u>

*Analysis of deferred income*

	<b>Housing Association Grant £'000</b>	<b>Other £'000</b>	<b>Total Deferred Income £'000</b>
Deferred income as at 31 March 2017	817	-	817
Additional income received	4,208	-	4,208
Released to the Statement of Comprehensive Income	(21)	-	(21)
Deferred income as at 31 March 2018	<u>5,004</u>	<u>-</u>	<u>5,004</u>

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

<b>Deferred income to be released to the Statement of Comprehensive Income:</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
In less than one year (note 17)	4,397	-
In more than one year but less than five years	607	817
In more than five years	-	-
	<u>5,004</u>	<u>817</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 was made up of a committed facility of £658.14m from a syndicate of commercial banks, a committed facility of £106.25m from the European Investment Bank, £300m raised through the issue of a public bond, £100m private placement loan notes with BlackRock Real Assets and £100m facility with HSBC. This provided total facilities of £1,264.4m for RSLs within 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 WLHP having access to an intra-group facility of £14.7m, secured on its housing stock. Interest in the year has been charged at 5.50% (2017: 5.56%).

<b>Borrowings are repayable as follows:</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
In less than one year	6	-
In more than one year but less than five years	12	-
In more than five years	10,983	7,992
	<u>11,001</u>	<u>7,992</u>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

### **19. 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 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 2018.

Following consideration of the results of the last valuation at 30 September 2015, the shortfall in the scheme reduced from £304m to £198m. It was agreed that this would continue to be dealt with by the payment of additional contributions. These were previously set at 5.4% of pensionable salaries per annum with effect from 1st April 2014 for a period of 13 years and following the most recent valuation, the period over which the past service deficit contributions are payable has been shortened by 5 years to 8 years. Past service deficit contributions continue to 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 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

### 19. Pensions (continued)

The assumptions that have the most significant effect on the results of the valuation of the Group 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 2018	31 March 2017
Discount rate	2.7%	2.8%
Future salary increases*	2.0%	*2.0%
Inflation (CPI)	2.2%	2.3%
Male mortality**	90% S1PMA; CMI 2011 F1.5%; Birth Year	90% S1PMA; CMI 2011 F1.5%; Birth Year
Female mortality**	90% S1PMA; CMI 2011 F1.25%; Birth Year	90% S1PMA; CMI 2011 F1.25%; Birth Year

\* Salary increases are assumed to be 2.10% p.a. for 2018/19 and 2.0% p.a. thereafter.

\*\*In valuing the liabilities of the pension fund at 31 March 2018, mortality assumptions are based on standard mortality tables (references provided above) and include an allowance for future improvements in longevity. The assumptions in 2018 and 2017 are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 23.5 years (male), 25.4 years (female)
- Future retiree upon reaching 65: 25.7 years (male) (2017: 25.7 years), 27.4 years (female) (2017: 27.4 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 2018 (continued)**

**19. Pensions (continued)**

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

*Movements in present value of defined benefit obligation*

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	<b>392</b>	<b>304</b>
Interest cost	11	11
Actuarial losses	77	87
Estimated benefits paid	(13)	(10)
Closing defined benefit obligation	<b>467</b>	<b>392</b>

*Movements in fair value of plan assets*

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of plan assets	<b>335</b>	<b>257</b>
Expected return on plan assets	64	67
Interest income	9	10
Contributions by the employer	14	11
Estimated benefits paid	(13)	(10)
Closing fair value of plan assets	<b>409</b>	<b>335</b>
<b>Net liability</b>	<b>(58)</b>	<b>(57)</b>

*Amounts recognised in statement of comprehensive income*

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Interest on defined benefit pension plan obligation – finance charges	11	11
Expected return on defined benefit pension plan asset – finance charges	(9)	(10)
Net cost	<b>2</b>	<b>1</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

**19. Pensions (continued)**

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

*The expense is recognised in the following line items in the Statement of Comprehensive Income*

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Operating expenses	(1,490)	(1,292)
Finance costs	(267)	(405)

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is £13k loss (2017: £20k loss).

*The major categories of scheme assets as a percentage of total plan assets are as follows:*

	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
Equities	18	35
Property	4	4
Corporate bonds	45	35
Alternatives	32	24
Cash and other	1	2
	<hr/> 100	<hr/> 100

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

**20. Related party transactions**

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

WLHP 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 WLHP and have tenancies that are on WLHP's normal tenancy terms and they cannot use their positions to their advantage.

Frank Cassidy

Transactions and arrear balances outstanding at 31 March 2018 are as follows:

	<b>2018 £'000</b>
Rent charged during the year	4
Arrear balances outstanding at 31 March 2018	-

**Other related parties**

There were no other related party transactions during the year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

### 21. Cash Flow Analysis

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

	2018 £'000	2017 £'000
Surplus for the financial year	301	904
Depreciation of property, plant and equipment	735	640
(Increase)/decrease in trade and other receivables	(617)	2
(Decrease) in trade payables	(233)	(117)
Pension costs less contributions payable	(14)	(11)
<i>Adjustments for investing or financing activities:</i>		
Loss on disposal of fixed assets	23	198
Government grants utilised in the year	(21)	(46)
Interest paid	267	405
Interest received	-	(2)
Reversal of previous decrease in valuation of housing properties	(441)	(1,172)
<b>Net cash generated from operating activities</b>	<b>-</b>	<b>801</b>

### 22. Ultimate parent organisation

WLHP 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 WLHP 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**

Anthony Allison  
West Lothian Housing Partnership Limited  
Wheatley House  
25 Cochrane Street  
Glasgow  
G1 1HL

### **Principal office**

62 North Bridge Street  
Bathgate  
EH48 4PP

### **Independent Auditors**

KPMG LLP (UK)  
319 St Vincent Street  
Glasgow G2 5AS

### **Bankers**

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