



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2019

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 2019.

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

Looking back over the year 2018/19 there is much to be proud of at West Lothian Housing Partnership.

Perhaps most notably, we completed our very first new homes since we were set up in 2002. These first homes – 55 in Winchburgh – are the start of our wider plans to help increase the supply of more affordable housing in West Lothian.

In fact, our plans for further new build across our communities will see us almost double in size by 2022.

We also continued to invest in our existing homes, ensuring they remain great places for tenants to live in long into the future. Alongside this we achieved outstanding levels of customer satisfaction with our services and engaged and involved our tenants more closely than ever in local decision making.

Universal Credit continued to present new challenges and hardship for many. We supported our customers and their families through this and many other challenges with personalised help delivered by our housing officers. Our wraparound services, from money, benefits and fuel advice to help with furnishing their homes, became more important than ever, particularly for those making the transition on to the new benefit.

We offered people from our homes opportunities to get into work or training through our investment and new build contracts and our employability schemes such as our Modern Apprenticeships. We also offered bursaries to help tenants and their children go to university.

Despite the on-going economic uncertainty, we can once again report a strong and improving business performance in 2018/19 in many of the areas we measure. Our already high overall customer satisfaction improved further from 97% to 98%, the highest of all the landlords in Wheatley Group and amongst the highest in the country.

Satisfaction with our repairs service remained high at 98% and the number of tenants satisfied with opportunities for participating in decision making increased from 96% to 100%, reflecting our absolute commitment to engage and listen more closely to our customers.

Homes and communities

Building new homes

West Lothian Housing Partnership ("WLHP") built its first new homes since it was set up in 2002.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

The 55 energy-efficient homes for social rent at Winchburgh in West Lothian are part of a £1 billion transformation of Winchburgh that will see the village transformed into a town over the next 15 years.

West Lothian Council Leader, Councillor Lawrence Fitzpatrick, marked the milestone for Winchburgh in March 2019 with the official opening of the homes which are a mix of 36 flats and 19 terraced family houses.

Future new build plans will see WLHP, which now has just over 430 homes, almost double its housing stock by 2022.

Investing in our homes

In 2018/19, WLHP invested £249,000 improving its homes and communities. Two tenants had modern new kitchens fitted while a further 70 homes across Craigshill, Blackburn and Bathgate also received new highly-efficient gas boilers.

Improving our neighbourhoods

Creating clean, green and safe neighbourhoods where people are proud to live remained one of our priorities.

Through our pioneering partnership with Keep Scotland Beautiful, we developed, with our partners in Wheatley, a way of assessing our environments which involves both staff and customers. We were delighted that WLHP's neighbourhoods achieved a 5-star award.

We were also pleased that 99% of tenants reported feeling satisfied with the quality of the neighbourhood they live in.

Wheatley's Community Improvement Partnership ("CIP") – made up of seconded police and fire officers and our own staff – continued to work with WLHP communities to tackle anti-social behaviour, crime and fire safety.

Our *Stay Safe* campaign encouraged people to get home safety visits. The visits are carried out by an officer from Scottish Fire and Rescue Service and are key to helping prevent fires in our homes. Across Wheatley there was an 81% increase in the uptake of home safety visits – up from 1,550 in 2017/18 to 2,812 in 2018/19 – with the total number of fires in our homes falling by 11%. In total, 125 West Lothian Housing Partnership customers benefited from home fire safety visits.

We resolved 100% of all anti-social cases reported to us within timescales agreed locally.

Our repairs service

We continued our mission to improve our repairs and maintenance service because customers have told us this is important to them.

We were delighted that tenant satisfaction with the service remained at 98% for the second year in a row.

We cut the time taken for both emergency and non-emergency repairs to be completed. On average, an emergency repair took 2.5 hours compared with 2.8 hours the previous year and 4.2 hours in 2015/16.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Non-emergency repairs took an average of 4.9 working days, down from 5.9 working days the previous year.

During the year 95% of repairs were completed right first time. Our repairs and maintenance service is delivered by the Property Team at Dunedin Canmore, our sister organisation in the Wheatley Group. We continue to work with them on introducing further improvements to the service to make the overall customer experience even better in the next year.

Rents and value for money

In 2018/19 the percentage of tenants who felt the rent for their home represented good value for money was 84%. We will continue to work with customers over the next year to ensure they get as much value from their home and our services as they can.

WLHP's gross rent arrears fell to 1.7% in 2018/19 from 2.2% in 2017/18. This continues the improving trend in every year since 2013/14 when WLHP arrears were 5.7%.

Rent collection at WLHP – at 99.8% – remains steadily high.

Engaging with customers

Engaging more effectively with our communities was high on our agenda as Wheatley commissioned international research into how organisations can best involve their customers and communities.

The study – carried out by The Democratic Society and published in January 2019 – drew on best practice from around the world – from Antwerp to Oldham; Oslo to Estonia; and Rio de Janeiro to Vienna.

The resulting report outlined fresh approaches, tools and techniques for how organisations across the UK, particularly the housing sector, can better engage with people in the communities they serve.

We now have a renewed focus on engaging with our communities in new and innovative ways following the research.

Housing Officers met customers in their streets at our 'bite & blether' events during the summer months. These events gave customers the opportunity to come and have a chat and let us know what they think of our services. We also helped customers get registered with their *MyWLHP* self-service accounts.

Our customer forums, including the scrutiny panel, African Forum, Polish Forum and our new Welfare Reform Forum continue to meet and shape what we do.

In April 2018 our housing officers began working with new tablet computers which gives them much more scope to be out and about in their communities, engaging directly with customers in their homes, helping them access services and supporting them to get online.

We also reached out to more tenants through online channels, with nearly 740 people following us on Facebook – an increase of more than 80 people over the past 12 months – and our website audience growing to more than 730 visitors a month. In 2018/19, we added new support and

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

advice sections on the WLHP website, including expert advice on how to stay safe in your home and support for people affected by Universal Credit. The number of tenants registered for online self-service at the end of the financial year doubled from 2017/18 levels, to more than 230 with nearly £183,000 paid using a *MyWLHP* online account.

The percentage of tenants who felt WLHP was good at keeping them informed about their services and decisions increased from 95% to 100% in the year, while the percentage of tenants satisfied with opportunities to participate in decision making was also 100%, up from 96% the previous year.

Supporting our customers

As Universal Credit was rolled out in our communities, affecting thousands of households, it became more important than ever to support tenants and their families.

We brought the delivery of all our support and wraparound services together in a new division – *Wheatley 360*. This makes it easier for people to access the right package of services for them at any one time, including benefits, money and fuel advice, help with furniture or support to put food on the table.

In November 2018 we launched *MyHousing*, our new online advice, information and letting service, which gives people tailored help with their housing and an improved website for people to apply for housing, view available homes and note interest.

Through our Wheatley Works service, run by our charitable trust the Wheatley Foundation, we offered customers opportunities to get into work and training.

Working with the Wheatley Foundation and *Wheatley 360*, we:

- helped 15 new tenants with household budgeting, running a home and settling into their community through “My Great Start”;
- gave one household up-cycled furniture through our “Home Comforts” service;
- helped one tenant access one of our employability opportunities and awarded another a bursary to go to university; and
- provided free books every month to 26 under five year olds in our homes through the Dolly Parton Imagination Library initiative.

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.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

Income

WLHP's turnover from operations (excluding finance income) for the year ended 31 March 2019 totalled £4,858k (2018: £1,640k). Rental income, net of void losses accounted for £1,762k (2018: £1,619k) of the total income with the balance relating to grant income recognised in the year on completion of new build properties and medical adaptations.

Expenditure

Operating costs in the year totalled £1,673k (2018: £1,490k), largely comprising of the following:

- Management and maintenance administration costs associated with affordable letting activities totalling £361k (2018: £334k).
- £186k of planned and cyclical maintenance costs to our social housing properties (2018: £147k).
- £203k of reactive maintenance costs to our social letting properties (2018: £229k).
- Depreciation expenditure for social and non-social housing assets of £798k (2018: £735k).

WLHP generated an operating surplus of £3,185k (2018: £150k) in the year.

Total comprehensive loss for the year of £1,139k (2018: income of £288k) includes a decrease in the value of social housing properties of £4,185k (2018: reversal of a previous decrease of £441k) and an actuarial loss of £55k (2018: loss of £13k) in respect of the SHAPS pension scheme.

Cashflows

The cash flow statement of WLHP is shown on page 17. WLHP generated £4,646k from operating activities (2018: nil). Cash and cash equivalents in the year increased by £1,709k (2018: decreased by £1,066k).

Liquidity

WLHP reported net current liabilities of £8,545k as at 31 March 2019 – an increase of £4,148k from the position reported as at 31 March 2018. This was due to an increase in short term deferred income creditors which will be released to income on completion of new build properties, and an increase in year end accruals and trade creditors linked to the new build programme. Creditors due after more than one year (excluding deferred income) have increased by £4,131k, driven by the £3m of loan drawn down in the year.

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 £22.6m. Interest rate risk is managed at a group level by WFL1.

Investment in tenants' homes

During the year we invested £249k in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £31,664k (2018: £24,386k).

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.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

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.

By order of the Board

John M Hill, Chair
26 August 2019

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

DIRECTORS' REPORT (continued)

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)

Lorraine Smart

Mairi Martin

Lesley Anne Williams (appointed 17 April 2018)*

Lesley Ann Bloomer (appointed 18 September 2018)

Judith McGlashan (appointed 18 September 2018)*

Bill Yeoman (appointed 21 November 2018)

Frank Cassidy (resigned 18 September 2018)*

Maureen Finlay (resigned 21 January 2019)

Nadeem Hanif (resigned 26 April 2019)

* tenant of WLHP

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

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 Partnership'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 Partnership'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' REPORT (continued)

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.

DIRECTORS' REPORT (continued)

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

The directors are responsible for preparing the Strategic Report, 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

/John Hill, Chair
26 August 2019

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

INDEPENDENT AUDITOR'S REPORT TO THE 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 2019 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 2019 and of its deficit 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 Order 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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the association's business model, including the impact of Brexit, and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the association will continue in operation.

Other information

The association's Board is responsible for the other information, which comprises the Directors' report and the Directors' 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, except as explicitly stated below, 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;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST LOTHIAN HOUSING PARTNERSHIP LIMITED (continued)

- 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 Directors' Statement on Internal Financial Control on page 9 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 Directors' 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.

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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement 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; 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; 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 they either intend to liquidate the association or to cease operations, or have 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST LOTHIAN
HOUSING PARTNERSHIP LIMITED (continued)**

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. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Shaw (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

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

Chartered Accountants

319 St Vincent Street, Glasgow, G2 5AS

17 September 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Turnover	3	4,858	1,640
Operating expenditure	3	(1,673)	(1,490)
Operating surplus		<u>3,185</u>	<u>150</u>
Loss on disposal of fixed asset	8	(12)	(23)
Finance income	9	1	-
Finance charges	10	(73)	(267)
(Decrease)/reversal of previous decrease in valuation of housing properties		(4,185)	441
(Loss)/surplus for the year		<u>(1,084)</u>	<u>301</u>
Actuarial loss in respect of pension schemes		(55)	(13)
Total comprehensive (loss)/income for the year		<u>(1,139)</u>	<u>288</u>

All amounts relate to continuing operations.

The notes on pages 18 to 33 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2019

	Revenue Reserve £'000
Balance at 1 April 2017	8,307
Total comprehensive income	288
Balance at 1 April 2018	<u>8,595</u>
Total comprehensive loss	(1,139)
Balance at 31 March 2019	<u>7,456</u>

All amounts relate to continuing operations.

The notes on pages 18 to 33 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

		2019 £'000	2018 £'000
	Note		
Fixed assets			
Social housing properties	14	31,664	24,386
Other tangible assets	15	238	272
		<u>31,902</u>	<u>24,658</u>
Current assets			
Trade and other debtors	16	288	922
Cash and cash equivalents		1,958	249
		<u>2,246</u>	<u>1,171</u>
Creditors: amounts falling due within one year	17	(10,791)	(5,568)
Net current liabilities		<u>(8,545)</u>	<u>(4,397)</u>
Total assets less current liabilities		23,357	20,261
Creditors: amounts falling due after more than one year	18	(15,739)	(11,608)
Provisions for liabilities			
Other provisions	19	(60)	-
Pension liability	20	(102)	(58)
Total net assets		<u>7,456</u>	<u>8,595</u>
Reserves			
Revenue reserve		7,456	8,595
Total reserves		<u>7,456</u>	<u>8,595</u>

These financial statements were approved by the Board on 26 August 2019 and were signed on its behalf on 26 August 2019 by:

John M Hill
Chair

The notes on pages 18 to 33 form part of these financial statements.
Company Registration Number SC188968

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Net cash generated from operating activities	22	4,646	-
Cash flow from investing activities			
Improvement of properties	14	(249)	(543)
New build		(11,582)	(7,025)
Purchase of other fixed assets	15	(16)	-
Grants received	18	6,372	3,958
Interest received	9	1	-
Net cash from investing activities		(5,474)	(3,610)
Cash flows from financing activities			
Interest paid		(463)	(456)
Intra-group loan drawn down		3,000	3,000
Net cash from financing activities		2,537	2,544
Net change in cash and cash equivalents		1,709	(1,066)
Cash and cash equivalents at 1 April		249	1,315
Cash and cash equivalents at 31 March		1,958	249

The notes on pages 18 to 33 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 2019 (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 2019 (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 ("EUVS-H") 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:

	<u>Economic Life</u>
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 2019 (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:

	<u>Economic life</u>
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 2019 (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)

	2019			2018
	Turnover	Operating costs	Operating surplus/(deficit)	Operating surplus/(deficit)
	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	4,858	(1,529)	3,329	219
Other activities (note 5)	-	(144)	(144)	(69)
Total	4,858	(1,673)	3,185	150
Total for previous reporting period	1,640	(1,490)	150	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

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

	2019 General Needs £'000	2018 General Needs £'000
Rent receivable net of service charges	1,762	1,597
Service charges	-	22
Gross income from rents and service charges	1,762	1,619
Less rent losses from voids	-	-
Net income from rents and service charges	1,762	1,619
Grants released from deferred income	3,096	21
Total turnover from affordable letting activities	4,858	1,640
Management and maintenance administration costs	(361)	(334)
Service costs	(2)	(28)
Planned and cyclical maintenance including major repairs costs	(186)	(147)
Reactive maintenance costs	(203)	(229)
Bad debts – rents and service charges	(29)	(2)
Depreciation of affordable let properties	(748)	(681)
Operating costs from affordable letting activities	(1,529)	(1,421)
Operating surplus from affordable letting activities	3,329	219

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 2019 (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	2019 Operating deficit £'000	2018 Operating deficit £'000
Depreciation – non social housing	-	-	-	(50)	(50)	(54)
Organisation restructuring	-	-	-	(60)	(60)	-
Wider role activities to support the community	-	-	-	(34)	(34)	(15)
Total from other activities	-	-	-	(144)	(144)	(69)
Total from other activities for the previous reporting period	-	-	-	(69)	(69)	

6. Board members' emoluments

Board members received £nil (2018: £112) by way of reimbursement of expenses.

7. Employees

	2019 No.	2018 No.
The average monthly number of full time equivalent persons employed during the year was	7	6
The average total number of employees employed during the year was	8	7

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.

	2019 £'000	2018 £'000
Staff costs during the year were as follows:		
Wages and salaries	270	217
Social security costs	27	22
Pension costs	33	41
FRS 102 pension adjustment	(13)	(14)
	317	266

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

8. Loss on disposal of fixed assets

	2019 £'000	2018 £'000
Proceeds	-	-
Value of components (properties held for let) disposed of	(12)	(23)
	<u>(12)</u>	<u>(23)</u>

9. Finance income

	2019 £'000	2018 £'000
Bank interest receivable on deposits in the year	1	-

10. Finance charges

	2019 £'000	2018 £'000
Interest payable on intra group loans	71	265
Net interest charge on pension liability	2	2
	<u>73</u>	<u>267</u>

11. Auditor's remuneration

	2019 £'000	2018 £'000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of these financial statements	7	7

12. Financial commitments

Capital commitments

All capital commitments of WLHP were as follows:

	2019 £'000	2018 £'000
Expenditure contracted for, but not provided in the financial statements	5,548	4,155
Expenditure authorised by the Board but not contracted	7,159	29,162
	<u>12,707</u>	<u>33,317</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

13. Operating leases

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

	2019 £'000	2018 £'000
	Land and Buildings	Land and Buildings
Commitments falling due:		
Within one year	11	15
In the second to fifth years inclusive	-	11
Over five years	-	-
	<u>11</u>	<u>26</u>

14. Social Housing Properties

	Core Stock £'000	Housing Under Construction £'000	Total £'000
At valuation			
At 1 April 2018	15,530	8,856	24,386
Additions	249	11,974	12,223
Transfers	7,475	(7,475)	-
Disposals	(87)	-	(87)
Revaluation	(4,858)	-	(4,858)
At 31 March 2019	<u>18,309</u>	<u>13,355</u>	<u>31,664</u>
Accumulated Depreciation			
At 1 April 2018	-	-	-
Charge for year	748	-	748
Disposals	(75)	-	(75)
Revaluation	(673)	-	(673)
At 31 March 2019	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value – valuation			
At 31 March 2019	<u>18,309</u>	<u>13,355</u>	<u>31,664</u>
At 31 March 2018	<u>15,530</u>	<u>8,856</u>	<u>24,386</u>
Net Book Value – cost			
At 31 March 2019	<u>31,468</u>	<u>13,355</u>	<u>44,823</u>
At 31 March 2018	<u>24,259</u>	<u>8,856</u>	<u>33,115</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

14. Social Housing Properties (continued)

Total expenditure in the year on existing properties was £638k (2018: £638k). Of this, repair costs of £389k (2018: £376k) were charged to the Statement of Comprehensive Income (note 4) and capital works of £249k (2018: £262k) were included as additions to properties held for letting on the Statement of Financial Position (note 14). Additions to core stock in the year of £249k (2018: £262k) in the year include:

- £3k for the improvement of components in relation to medical adaptations; and
- £246k on the replacement of components including capitalised void costs.

Additions to housing under construction include capitalised interest costs of £392k (2018: £217k). Interest has been capitalised at the weighted average interest cost for the Association of 3.65% (2018: 5.50%)

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 RCIS at 31 March 2019 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.75-7.50% have been used depending on the property archetype (2018: 5.75-6.50 % retained stock). The valuation assumes a rental income increase of inflation + 0.9% in 2019/20 and +0.5% thereafter for retained stock, in line with the WLHP's 30 year Business Plan (2019/20). 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.

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

	2019 No.	2018 No.
General Needs	436	381

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

15. Other tangible assets

	Office improvements £'000	Furniture and equipment £'000	Total £'000
At valuation			
At 1 April 2018	478	17	495
Additions	16	-	16
At 31 March 2019	494	17	511
Accumulated Depreciation			
At 1 April 2018	207	16	223
Charge for year	49	1	50
At 31 March 2019	256	17	273
Net Book Value			
At 31 March 2019	238	-	238
At 31 March 2018	271	1	272

16. Trade and other debtors

	2019 £'000	2018 £'000
Arrears of rent and service charges	42	36
Less: provision for bad and doubtful debts	(34)	(7)
	8	29
Prepayments and accrued income	-	2
Other debtors	49	287
Due from other group companies	231	604
Total	288	922

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

	2019 £'000	2018 £'000
Trade creditors	2,225	1
Accruals	1,235	865
Deferred income (note 18)	6,515	4,397
Other creditors	79	79
Rent and service charges received in advance	44	35
Tax and social security	10	6
Due to other group companies	683	185
Total	10,791	5,568

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

17. Creditors: amounts falling due within one year (continued)

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

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

	2019 £'000	2018 £'000
Deferred income	1,765	607
Due to other group companies	13,974	11,001
	<u>15,739</u>	<u>11,608</u>
	Housing Association Grant £'000	Total deferred income £'000
Deferred income as at 31 March 2018	5,004	5,004
Additional income received	6,372	6,372
Released to the Statement of Comprehensive Income	(3,096)	(3,096)
Deferred income as at 31 March 2019	<u>8,280</u>	<u>8,280</u>

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

Deferred income to be released to the Statement of Comprehensive Income:

	2019 £'000	2018 £'000
In less than one year (note 17)	6,515	4,397
In more than one year but less than five years	1,765	607
In more than five years	-	-
	<u>8,280</u>	<u>5,004</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 £662.4m from a syndicate of commercial banks, a committed facility of £285.3m from the European Investment Bank, £300.0m raised through the issue of a public bond, £150.0m private placement loan notes with BlackRock Real Assets and £100.0m facility with HSBC. This provided total facilities of £1,497.7m 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 £22.6m, secured on its housing stock. Interest in the year has been charged at 4.68% (2018: 5.50%).

Borrowings are repayable as follows:

	2019 £'000	2018 £'000
In less than one year	3	6
In more than one year but less than five years	-	12
In more than five years	13,971	10,983
	<u>13,974</u>	<u>11,001</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

19. Provisions for liabilities and charges

	Dilapidation Provision £'000
At 1 April 2018	-
Created in year	60
Utilised	-
	<hr/>
At 31 March 2019	60
	<hr/>

Dilapidation Provision

This provision represents the estimated costs of dilapidation works required under lease contracts for office properties leased by WLHP.

20. Pensions

Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit

West Lothian Housing Partnership participated in the Pensions Trust Scottish Housing Association Pension Scheme (“SHAPS”) defined benefit section. This is a multi-employer defined benefit scheme and is funded and contracted out of the State Pension Scheme. West Lothian housing Partnership transferred to the SHAPS Defined Contribution scheme with effect from 1 September 2014.

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 2018.

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 2019.

Following consideration of the results of the last valuation at 30 September 2018, the shortfall in the scheme reduced from £198m to £121m. 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 8 years with the scheme expected to reach a fully funded position by 2022. The next formal valuation of the scheme is due to be carried out at 30 September 2021 and to ensure the ongoing funding of the scheme whilst the valuation is prepared, the Trustees have agreed to extend the period over which additional contributions are payable by one year to March 2023. 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 buy-out 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

20. Pensions (continued)

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.

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 2019	31 March 2018
Discount rate	2.6%	2.7%
Future salary increases	2.0%*	2.0%**
Inflation (CPI)	2.35%	2.2%

* Salary increases are assumed to be 2.20% p.a. for 2019/20 and 2.0% p.a. thereafter.

** 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 2019, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet 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:

- o Current pensioner aged 65: 21.7 years (male) (2018 23.5 years), 23.4 years (female) (2018 25.4 years).
- o Future retiree upon reaching 65: 23.1 years (male) (2018 25.7 years), 24.7 years (female) (2018 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.

Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit

Movements in present value of defined benefit obligation

	2019 £'000	2018 £'000
Opening defined benefit obligation	467	392
Interest cost	13	11
Actuarial losses	146	77
Estimated benefits paid	(2)	(13)
Closing defined benefit obligation	624	467

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

20. Pensions (continued)

Movements in fair value of plan assets

	2019 £'000	2018 £'000
Opening fair value of plan assets	409	335
Expected return on plan assets	91	64
Interest income	11	9
Contributions by the employer	13	14
Estimated benefits paid	(2)	(13)
Closing fair value of plan assets	522	409
Net liability	(102)	(58)

Amounts recognised in statement of comprehensive income

	2019 £'000	2018 £'000
Interest on defined benefit pension plan obligation – finance charges	13	11
Expected return on defined benefit pension plan asset – finance charges	(11)	(9)
Net cost	2	2

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is £55k loss (2018: £13k loss).

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

	2019 %	2018 %
Equities	23	18
Property	2	4
Corporate bonds	45	45
Alternatives	28	32
Cash and other	2	1
	100	100

21. 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.

Lesley Anne Williams
Judith McGlashan
Frank Cassidy

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

21. Related party transactions (continued)

Transactions and arrear balances outstanding at 31 March 2019 are as follows:

	2019 £'000
Rent charged during the year	13
Arrear balances outstanding at 31 March 2019	-

Other related parties

There were no other related party transactions during the year.

22. Cash Flow Analysis

Reconciliation of surplus to net cash inflow from operating activities

	2019 £'000	2018 £'000
(Deficit)/surplus for the financial year	(1,084)	301
Depreciation of property, plant and equipment	798	735
Decrease/(increase) in trade and other receivables	635	(617)
Increase/(decrease) in trade payables	3,077	(233)
Increase in provisions	60	-
Pension costs less contributions payable	(13)	(14)
<i>Adjustments for investing or financing activities:</i>		
Loss on disposal of fixed assets	12	23
Government grants utilised in the year	(3,096)	(21)
Interest paid	73	267
Interest received	(1)	-
Decrease/(reversal of previous decrease) in valuation of housing properties	4,185	(441)
Net cash generated from operating activities	<u>4,646</u>	<u>-</u>

23. Ultimate parent organisation

WLHP is a wholly owned 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

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