

**WEST WHITLAWBURN HOUSING
CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016**

Registered Housing Association No. C3841

Financial Conduct Authority No. 2308 R S

Charity No. SC038737

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

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Registration information

Financial Conduct Authority

Co-operative and Community Benefit Societies Act 2014
Registered Number: 2308 R S

The Scottish Housing Regulator
Registered Number:

Housing (Scotland) Act 2014
C3841

Recognised Scottish Charity

Charities and Trustee Investment (Scotland) Act 2005
Charity Number: SC038737

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31ST MARCH 2016

The Committee of Management present their report and audited financial statements for the year ended 31st March 2016.

Principal activity

The principal activity of the Co-operative is the provision and management of housing accommodation for rent. This is achieved by acquiring properties in order that they can be refurbished and re-let as rented accommodation, funded by Social Housing Grant (SHG) provided for this purpose. The cost of developments not met by SHG is met by a mortgage secured on the properties, which is repaid by the net rental income receivable, derived from those properties.

Legal status

The Co-operative is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No 2308R(S). The Co-operative is constituted under its Rule Book. The Co-operative is a Registered Scottish Charity with the Charity Number SC038737.

Business review

The Co-operative made a surplus of £584,471 during the year (2015 - restated £327,940).

The Co-operative is in a strong financial position with over £3.352m deposited as cash funds, and could access loan facilities if required. The Co-operative continues to have a major repair investment programme and currently meets Scottish Housing Quality Standards and EEESH Regulations in all its properties. Cash surpluses will continue to be made, subject to our planned major repair programme over the next few years.

Members of Committee of Management

The members of the Committee of Management of the Co-operative during the year to 31st March 2016 were as follows:

. Susan Anderson	Chairperson
. Anne Anderson	Vice Chairperson
. Muriel Alcorn	Treasurer
. Cheryl Burnett	Secretary
. Sheila Jamieson	
. Helen Anderson	
. Elizabeth Kerr	
. Kirsty McElhom	
. Muriel M Alcorn	
. Louise Wilson	
. Andy Duffin	
. Susan Stevely	Resigned June 2015
. Billy Hunter	Deceased August 2015
. Jim Kerr	Resigned August 2015

Each member of the Committee of Management holds one fully paid share of £1 in the Co-operative. The Executive Officers of the Co-operative hold no interest in the Co-operative's share capital and although not having the legal status of "director" they act as Executives within the authority delegated by the Committee.

Executive officers

The Executive Officers of the Co-operative during the year to 31st March 2016 was as follows:

. P Farrell	Director
. S Marshall	Depute Director
. L McVie	Assistant Director (Corporate Services)
. R Haughey	Assistant Director (Tenancy Services)
. G. Clayton	Assistant Director (Operations)
. S McPeake	Community Development Co-ordinator
. R Smith	Concierge Manager

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31ST MARCH 2016

Operational review

1 Corporate governance

West Whitlawburn has a Committee of Management who are elected by the members of the Co-operative. It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction for the Co-operative. They also monitor the operational activities of the Co-operative. The members of the Committee of Management are unpaid.

The Executive Team of West Whitlawburn (as listed above) are responsible for achieving the strategy set and undertaking the operational activities in line with the policies set.

Our governing body is our Committee of Management, which is responsible to the wider membership. Committee of Management members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

This report details issues that have arisen during the year relating to the main activities undertaken by the Co-operative.

2 Corporate issues

Tenant involvement and participation is a major part of the Co-operative's Aims and Objectives, and we continue to review how the Co-operative involves tenants in its activities.

The Co-operative is committed to involving staff in decision making and policy making. In the year just ended we have continued to improve the staff development system and internal management plan process.

Best use of resources

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have continued with a programme of major investment in our housing stock, which is by far our most costly asset. This includes both carrying out major repairs, and also considering whether any of our older schemes should be remodelled to meet the changing requirements of tenants in the future. We are updating our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements. We have a programme of best value reviews, to look for efficiencies and economies in the way that we carry out business processes.

Services

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do.

Our rent arrears management is regularly reviewed, and we will continue to seek improvements in our rent collection methods. We continued to deliver many completed adaptations to existing properties, to meet the specific needs of our tenants.

3 Fixed asset issues

The year just completed has been steady. We have spent £52,114 (2015 - £52,549) during the year on kitchen and bathroom renewals and door replacements.

4 Housing issues

The Co-operative continues to work on reducing the period of time taken to re-let or let new properties and made significant progress with this during the year. This is to ensure that we maximise our effectiveness in housing people in need and reduce our costs. The rent loss due to empty properties was £28,145 (2015 - £27,452). Work is continuing to reduce this level of voids in future years.

5 Component accounting

West Whitlawburn adopted Component Accounting into its financial statements in compliance with the SORP 2010. Major Components (Note 1) of our buildings are identified and depreciated over specific economic life spans. Their replacement is then capitalised in the financial statements as they occur.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31ST MARCH 2016

6 Other areas

Risk management policy

The Committee have a formal risk management process in place to assess business risks and implement risk management strategies. This involves identifying the types of risks the Co-operative faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee have reviewed the adequacy of the Co-operative's current internal controls.

Accordingly they have set policies on internal controls which cover the following:

- consideration of the type of risks the Co-operative faces.
- the level of risks which they regard as acceptable.
- the likelihood of the risks concerned materialising.
- the Co-operative's ability to reduce the incidence and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit obtained.
- clarified the responsibility of management to implement the Committee's policies and to identify and evaluate risks for their consideration.
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.
- embedded the control system in the Co-operative's operations so that it becomes part of the culture of the Co-operative.
- developed systems to respond quickly to evolving risks arising from factors within the Co-operative to changes in the external environment.
- included procedures for reporting failings immediately to appropriate levels of management and the Committee together with details of corrective action being undertaken.

Maintenance policies

The Co-operative seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Statement of Comprehensive Income.

In addition, the Co-operative has a long-term programme of major repairs to cover for works which have become necessary since the original developments were completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. In line with the SORP 2010, replacements to building components (as identified in Note 1) are capitalised in the financial statements as they occur. All other major repairs are charged to the Statement of Comprehensive Income.

Treasury management

The Co-operative has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Co-operative manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst maximising the return on excess cash and liquid resources held.

Internal financial control

The Committee of Management is responsible for establishing and maintaining the Co-operative's system of internal control. Internal control systems are designed to meet the particular needs of the Co-operative and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial control are detailed on page eight.

Quality and integrity of personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31ST MARCH 2016

Management structure

The Committee of Management has overall responsibility for the Co-operative and there is a formal schedule of matters specifically reserved for decision by the Committee.

Budgetary process

Each year the Committee of Management approves the annual budget and rolling strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Rental income

The Co-operative's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Co-operative's properties. This policy follows the generally accepted practice/principles of the Housing Movement.

Employee involvement and health & safety

The Co-operative encourages employee involvement in all major initiatives. The Co-operative's Health and Safety Systems are subject to regular external H & S audit and always achieves excellent outcomes at such audits. At its external Health and Safety Audit in February 2013 the Co-operative achieved 100% satisfaction across all areas of Health and Safety with no recommendations for improvement required. A subsequent Health and Safety Audit in 2015 also resulted in a very high pass success rate.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Co-operative may continue. It is the policy of the Co-operative that training, career development and promotion opportunities should be available to all employees.

Credit payment policy

The Co-operative's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

Whitcomm Co-operative Ltd

West Whitlawburn Housing Co-operative (WWHC) established Whitcomm Co-operative Ltd in 2009 as a wholly separate private limited company to further its charitable aims as well as WWHC's organisational objectives for its tenants in WWHC homes. Through a close working relationship and support WWHC has acted as a business incubator for Whitcomm Co-operative Ltd. WWHC has two official appointees on the board of directors of Whitcomm Co-operative Ltd however both organisations have a number of other shared committee members.

WWHC worked with the local community to develop Whitcomm Co-operative Ltd. WWHC has installed a fibre optic infrastructure as part of the 100 home New Build development previously undertaken. The fibre optic infrastructure makes the neighbourhood the first Fibre to the Home project in Scotland and the largest in the UK.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31ST MARCH 2016

Whitcomm Co-operative Ltd

In addition to the infrastructure Whitcomm Co-operative Ltd provides phone and broadband services to New Build tenants at a lower rate than can be found with commercial providers.

This will meet the following objectives:

- **Reduce digital exclusion in West Whitlawburn**
By providing low cost access to the internet through access to high speed next generation broadband Whitcomm supports the community to become more proficient at using ICT technology.
- **Reduce financial exclusion in West Whitlawburn**
Cheaper broadband services help those on lower incomes. Furthermore, by increasing access to financial advice and advocacy, financial services and cheaper consumer goods over the internet, Whitcomm Co-operative is helping those on lower incomes make their money stretch further.

Social accounts

West Whitlawburn Housing Co-operative completed its first set of social accounts covering the 2007-2008 periods.

Social accounting has provided West Whitlawburn Housing Co-operative with an opportunity to counter a central and significant problem; that much of the Co-operative's work is undervalued and goes largely unrecognised externally as conventional reporting frameworks almost exclusively rely on conventional currency measures. Social Accounts measure the Social, Economic and Environmental impact that the Co-operative has on the local community and insure that the Co-operative is accountable to its stakeholders. The Social Accounts process has also proven to be an invaluable planning and internal management tool.

Pension fund

West Whitlawburn Housing Co-operative is participating in, and taking a lead role in the Committee of, the SHAPS Employers Group which is a group set up by Employers in Voluntary Housing in conjunction with The Glasgow West of Scotland Forum and the Scottish Federation of Housing Associations. This will keep the Co-operative abreast of all developments in the financial environment and pensions industry which could impact on their pension scheme.

Going concern

The Committee of Management has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has a reasonable expectation that the Co-operative has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Future developments

The Co-operative will continue with its policy of improving the quality of the housing within its area of operation and continue to examine any opportunities which may arise for future development.

During 2013/14 the Co-operative embarked on a Community Energy Project to deliver heat and hot water through a biomass district heating system, the main aims of the project being to reduce fuel poverty and carbon emissions. A significant funding package was secured to enable this project to be progressed, with funding from Npower Energy Company Obligation funding of £2.965m, European Regional Development Funding of £3.266m and Warm Home Fund loan with a facility of up to £1.5m. During 2015/16 significant progress was made establishing the Energy Centre and installing new heating and hot water systems within 543 of the Co-operative's properties.

Statement as to disclosure of information to auditors

So far as the Committee members are aware, there is no relevant audit information of which the Co-operative's auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Co-operative's auditors are aware of that information.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

YEAR ENDED 31ST MARCH 2016

Auditors

A resolution to re-appoint the auditors, Armstrongs, will be proposed at the Annual General Meeting.

On behalf of the Committee of Management



Secretary

57 Belmont Road
Whitlawburn
Cambuslang
G72 8PG

Date : 19/09/2016

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED
STATEMENT OF THE COMMITTEE OF MANAGEMENT'S RESPONSIBILITIES
YEAR ENDED 31ST MARCH 2016

The Committee of Management is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Co-operative and Community Benefit Societies Act 2014 require the Committee of Management to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Co-operative and of the income and expenditure of the Co-operative for the year ended on that date. In preparing those financial statements the Committee of Management are required to:

- select suitable accounting policies and apply them consistently;
- make judgements that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Co-operative will continue in business.
- prepare a statement on internal financial control

The Committee of Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Co-operative and to enable them to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2014. It is also responsible for safeguarding the assets of the Co-operative and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31ST MARCH 2016

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Co-operative has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- . the reliability of financial information used within the Co-operative or for publication;
- . the maintenance of proper accounting records; and
- . the safeguarding of assets (against unauthorised use or disposition).

It is the Committee of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- . formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restricts the unauthorised use of the Co-operative's assets.
- . experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- . forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term.
- . regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets being investigated as appropriate.
- . Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- . all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Committee of Management members and others.
- . the Committee of Management review reports from management, from directors, staff and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Co-operative.
- . formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee of Management have reviewed the system of internal financial control in existence in the Co-operative for the year ended 31st March 2016 and until the below date. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the Auditor's Report on the financial statements.

By order of the Committee of Management



Secretary

Date : 19/09/2016

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED
REPORT BY THE INDEPENDENT AUDITOR TO THE COMMITTEE
ON CORPORATE GOVERNANCE MATTERS

YEAR ENDED 31ST MARCH 2016

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Committee's statement on page eight concerning the Co-operative's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Co-operative's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

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

Through enquiry of certain Committee members, directors and officers of the Co-operative, and examination of relevant documents, we have satisfied ourselves that the Committee's Statement on Internal Financial Control appropriately reflects the Co-operative's compliance with the information required by the Regulatory Standards contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Adam Armstrong, LLB, CA, (Senior Statutory Auditor),
for and on behalf of Armstrongs,
Statutory Auditor,
Chartered Accountants,
Victoria Chambers,
142, West Nile Street,
Glasgow,
G1 2RQ.

Date : 19th September 2016

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED**

We have audited the financial statements of West Whitlawburn Housing Co-operative Limited for the year ended 31st March 2016 which comprise a Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

This report is made solely to the Co-operative's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Co-operative'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 Co-operative and the Co-operative's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Committee and Auditor

As explained more fully in the Committee's Responsibilities Statement set out on page seven, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices' Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Co-operative's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Committee of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Committee of Management to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Co-operative's affairs as at 31st March 2016 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 7 of the Housing (Scotland) Act 2014, and the Determination of Accounting Requirements 2014.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the information given in the Report of the Committee of Management is inconsistent in any material respect with the financial statements; or
- the Co-operative has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.



Adam Armstrong, LLB, CA, (Senior Statutory Auditor),
for and on behalf of Armstrongs,
Statutory Auditor,
Chartered Accountants,
Victoria Chambers,
142 West Nile Street,
Glasgow,
G1 2RQ.

Date : 19th September 2016

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2016

	Notes	2016	Restated 2015
		£	£
Turnover	2	4,072,760	3,924,315
Operating costs	2	3,277,352	3,189,779
Operating surplus		<u>795,408</u>	<u>734,536</u>
Interest receivable and other income		6,928	6,491
Interest payable and similar charges		(178,066)	(184,849)
Other finance charges	10	(39,799)	(228,238)
Surplus before tax		<u>584,471</u>	<u>327,940</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>584,471</u>	<u>327,940</u>

The results for the year relate wholly to continuing activities.

There are no recognised gains and losses in 2016 and 2015 other than the surplus for the year.

The notes form part of these financial statements.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH 2016

	Notes	2016 £	Restated 2015 £
Fixed assets			
Tangible assets - social housing	5	34,460,537	35,339,342
Other tangible assets - property, plant and equipment	5	6,381,825	6,729,822
		<u>40,842,362</u>	<u>42,069,164</u>
Current assets			
Debtors	6	670,244	1,065,049
Cash and cash equivalents		3,352,009	3,165,007
		<u>4,022,253</u>	<u>4,230,056</u>
Less: Creditors falling due within one year	7	(2,272,172)	(3,223,771)
Net Current assets		<u>1,750,081</u>	<u>1,006,285</u>
Total assets less current liabilities		42,592,443	43,075,449
Creditors : amounts falling due after more than one year	8	(5,542,110)	(5,760,880)
Deferred income			
Deferred capital grants - social housing grants	9	(29,350,967)	(30,167,744)
Other fixed asset grants	9	(5,506,350)	(5,538,286)
		<u>(34,857,317)</u>	<u>(35,706,030)</u>
Net assets		<u>2,193,016</u>	<u>1,608,539</u>
Equity			
Share capital	15	694	688
Revenue reserves	16	2,192,322	1,607,851
		<u>2,193,016</u>	<u>1,608,539</u>

The financial statements were approved and authorised for issue by the Committee of Management on 19/09/2016 and signed on its behalf by:-

Gwen Burnet

Secretary

Mural Alan

Member

Annie Anderson

Member

The notes form part of these financial statements.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2016

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1st April 2015	688	1,607,851	1,608,539
Issue of shares	69	-	69
Cancellation of shares	(63)	-	(63)
Transfer to designated reserve	-	-	-
Transfer from designated reserve	-	-	-
Surplus for year	-	584,471	584,471
Balance as at 31st March 2016	<u>694</u>	<u>2,192,322</u>	<u>2,193,016</u>

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31ST MARCH 2016

	Notes	2016 £	Restated 2015 £
Net cash inflow from operating activities	1	<u>851,591</u>	<u>836,078</u>
Cash flow from investing activities			
Payments to acquire and develop housing properties	(	52,114)	(54,623)
Payments to acquire other fixed assets	(	652,157)	(1,457,162)
Grants received		496,461	1,967,235
Interest received		6,928	6,363
Loan received		-	1,071,790
	(	<u>200,882</u>)	<u>1,533,603</u>
Cash flow from financing activities			
Interest paid	(	178,066)	(184,849)
Repayment of borrowings	(	285,710)	(269,699)
Issue of share capital		69	81
	(	<u>463,707</u>)	<u>454,467</u>
Net change in cash and cash equivalents		187,002	1,915,214
Cash and cash equivalents at the beginning of the year		3,165,007	1,249,793
Cash and cash equivalents at the end of the year		<u>3,352,009</u>	<u>3,165,007</u>

Notes

	2016 £	Restated 2015 £
1 Surplus for the year	584,471	327,940
Adjustments for non cash items		
Depreciation of tangible fixed assets	936,034	941,068
Decrease/(increase) in trade and other debtors	(87,193)	(113,645)
Decrease/(increase) in trade and other creditors	(25,658)	(18,197)
Pension	84,799	313,238
Share capital written off	(63)	(80)
Carrying value of tangible fixed asset disposals	11,240	24,186
Amortisation of grants	(823,177)	(816,790)
Adjustments for investing or financing activities		
Interest received	(6,928)	(6,491)
Interest paid	178,066	184,849
	<u>851,591</u>	<u>836,078</u>

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with FRS 102 as issued by the Financial Reporting Council and comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014, the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting for social housing providers issued in 2014.

West Whitlawburn Housing Co-operative Limited is a public benefit entity (PBE).

Changes to accounting policy

Where any new policy is thought to be more appropriate, this amendment will be made and noted below with any prior period adjustment also being made, where it has material and fundamental impact.

Social Housing Grants

Social Housing Grants are utilised to reduce the amount of mortgage loans in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of SHG is calculated on the qualifying cost of the scheme.

SHG is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

Acquisition and Development Allowances are advanced as grants. They are intended to finance certain internal administration costs relating to the acquisition of schemes. Development allowances become available in instalments according to the progress of work on the scheme.

Finance

The financial statements have been prepared on the basis that capital expenditure will be grant aided, funded by loans, met out of reserves or from proceeds of sales.

Mortgages

Mortgage loans are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for SHG.

Fixed assets - housing land and buildings

Housing land and buildings are stated at cost. The development cost of housing properties funded with SHG includes the following:-

- i. Cost of acquiring land and buildings.
- ii. Development expenditure.
- iii. Interest charged on the loans during the development year of the scheme to the date of completion.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

1. Principal accounting policies (continued)

Works to existing properties

Works to existing properties will generally be capitalised under the following circumstances:

- i. Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- ii. Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the Statement of Comprehensive Income.

Housing, land and buildings - depreciation

Housing properties are stated at cost, less accumulated depreciation.

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	Not depreciated
Structure	Over 60 years
Doors	Over 30 years
Windows	Over 30 years
Heating	Over 30 years
Bathroom	Over 30 years
Kitchen	Over 15 years
Lift	Over 30 years

Other fixed assets

Depreciation is charged by equal annual instalments at rates estimated to write off costs less any residual value over expected useful lives.

Office fixtures, fittings & equipment	- 25%
Office accommodation	- 4%

Impairment of fixed assets

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the Statement of Comprehensive Income.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

1. Principal accounting policies (continued)

Pensions

The Co-operative participates in the centralised Scottish Housing Associations Pension Scheme (SHAPS). Defined Benefits Pension Scheme and retirement benefits to employees of the Co-operative are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. In accordance with FRS 102 the payments in respect of the past service deficit plan have been discounted and recognised as a provision within the financial statements.

Lease obligations

Rentals paid under operating leases are charged to the Statement of Comprehensive Income as they are incurred.

Turnover

Turnover represents rental income receivable from tenants, development administration, and other income together with revenue grants from the Scottish Government, local authorities and other organisations.

Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale.

Apportionment of management expenses

Direct employee administration and operating costs have been apportioned to the Statement of Comprehensive Income on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealing with in those accounts.

Estimation uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Committee of Management to exercise judgement in applying West Whitlawburn Housing Co-operative Limited's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

Rent arrears - bad debt provision

The Co-operative assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place and court action.

Life cycle of components

The Co-operative estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

The categorisation of housing properties

In the judgement of the Committee of Management the entirety of the Co-operative's housing stock is held for social benefit and is therefore classified as property, plant and equipment in accordance with FRS 102.

Identification of cash generating units

The Co-operative considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

Financial instruments - basic

The Co-operative recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard.

The Co-operative's debt instruments are measured at amortised cost using the effective interest rate method.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

2. Particulars of turnover, cost of sales, operating costs and operating surpluses / (deficits)

Income and expenditure from lettings	Notes	Turnover £	2016 Operating costs £	Operating surplus / (deficit) £
Social lettings	3a	3,724,588	3,049,349	675,239
Other activities	3b	348,172	228,003	120,169
Total		<u>4,072,760</u>	<u>3,277,352</u>	<u>795,408</u>

		Turnover £	Restated 2015 Operating costs £	Operating surplus / (deficit) £
Social lettings	3a	3,668,680	2,886,684	781,996
Other activities	3b	261,935	309,395	(47,460)
Total		<u>3,930,615</u>	<u>3,196,079</u>	<u>734,536</u>

3a. Particulars of turnover, operating costs and operating surplus from social letting activities

	2016 £	Restated 2015 £
Income from letting		
Rent receivable net of service charges	2,929,556	2,873,042
Service charges	-	-
Gross income from rents and service charges	<u>2,929,556</u>	<u>2,873,042</u>
Less: Rent losses from voids	(28,145)	(27,452)
Net income from rents and service charges	2,901,411	2,845,590
Release of deferred capital grant	823,177	823,090
Total turnover from social letting activities	<u>3,724,588</u>	<u>3,668,680</u>
Expenditure on lettings		
Service charges	60,292	56,798
Management and maintenance administration costs	1,388,584	1,286,366
Reactive maintenance	525,921	518,499
Planned and cyclical maintenance including major repairs	127,960	67,595
Depreciation of social housing	930,919	936,255
Bad debts - rents and service charges	15,673	21,171
Total expenditure on lettings	<u>3,049,349</u>	<u>2,886,684</u>
Operating surplus for social lettings	<u>675,239</u>	<u>781,996</u>

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £Nil (2015 - £Nil).

All of the above relate solely to general needs housing.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

3b. Particulars of turnover, operating costs and operating surpluses or deficit from other activities

	Grants from Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs- Bad Debts £	Other Operating Costs £	Operating Surplus/ Deficit for 2016 £	Operating Surplus/ Deficit for 2015 £
Wider action/wider role	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development activities	19,166	-	-	-	19,166	-	29,710	(10,544)	(9,445)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Community heating project	316,030	-	-	-	316,030	-	153,293	162,737	(34,096)
Developments and improvements for sale	-	-	-	-	-	-	-	-	-
Regeneration activities	-	-	-	-	-	-	45,000	(45,000)	(85,000)
Other activities									
Total from Other Activities 2016	12,976	-	-	-	12,976	-	-	12,976	81,081
	348,172	-	-	-	348,172	-	228,003	120,169	
Total from Other Activities 2015	24,044	-	-	237,891	261,935	-	(309,395)	(47,460)	

Other activities income relates to community heating project compensation and to the rental of roof space to Telefonica and GVA.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

4. Tax on profit on ordinary activities

West Whitlawburn Housing Co-operative Limited was granted charitable status on 30th October 2007 and as a result is not subject to corporation tax on its activities.

5. Tangible fixed assets

	Housing Properties Held for Letting £	Energy Project Under Construction	Office Premises/ Community Centre £	Furniture & Equipment £	Total £
Cost - restated					
As at 01.04.15	51,258,835	6,684,598	330,652	385,946	58,660,031
Additions during year	52,114	(332,872)	-	1,230	(279,528)
Disposals	(31,216)	-	-	(6,050)	(37,266)
As at 31.03.16	<u>51,279,733</u>	<u>6,351,726</u>	<u>330,652</u>	<u>381,126</u>	<u>58,343,237</u>
Depreciation - restated					
As at 01.04.15	15,919,493	-	291,012	380,362	16,590,867
Provided during year	919,679	-	13,266	3,089	936,034
Eliminated on disposal	(19,976)	-	-	(6,050)	(26,026)
As at 31.03.16	<u>16,819,196</u>	<u>-</u>	<u>304,278</u>	<u>377,401</u>	<u>17,500,875</u>
Net book value at 31.03.16	<u>34,460,537</u>	<u>6,351,726</u>	<u>26,374</u>	<u>3,725</u>	<u>40,842,362</u>
Net book value at 31.03.15	<u>35,339,342</u>	<u>6,684,598</u>	<u>39,640</u>	<u>5,584</u>	<u>42,069,164</u>

Total major repairs costs during the year were £52,114 (2015: £120,781) of which £52,114 (2015: £48,162) was capitalised. Of the amount capitalised £52,114 (2015: £48,162) related to replacement of components and £Nil (2015: £Nil) related to improvements.

None of the Co-operative's land or letting properties is held under a lease.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

6. Trade and other receivables

	2016 £	Restated 2015 £
Rent arrears	221,417	204,005
Less: Bad debt provision	(85,000)	(85,000)
	<u>136,417</u>	<u>119,005</u>
Housing benefit receivable	130,026	135,824
Other debtors and prepayments	362,166	761,482
Amounts due from Whitcomm	39,820	44,982
Amounts due from WCRC	1,815	3,756
	<u>670,244</u>	<u>1,065,049</u>

Included within other debtors is a balance of £39,820 (2015 - £44,982) which is regarded as due after one year.

7. Creditors - Amounts falling due within one year

	2016 £	2015 £
Loans (note 8)	165,517	207,595
Rent in advance	150,134	144,515
Pension deficit	183,340	168,404
Trade creditors	506,806	338,404
Other tax and social security	-	17,664
Other creditors and accruals	1,266,375	2,347,189
	<u>2,272,172</u>	<u>3,223,771</u>

8. Creditors - Amounts falling due after more than one year

	2016 £	2015 £
Pension creditor	1,924,494	2,073,048
Housing loans	3,617,616	3,687,832
	<u>5,542,110</u>	<u>5,760,880</u>

a) The Co-operative Bank

i) Position as at 31st March 2016

Start Date	1 st September 2009
Period of loan	20 years *
Rate of interest	Fixed Rate 5.5% *
Number of properties held as security	100

The term of the Loan is twenty years, however the repayments are structured over a 25 year repayment profile so that there will be a residual balance upon expiry of the Loan term. This residual balance will be due in full upon expiry of the loan although, ahead of expiry, we will be invited to discuss structuring repayment of this residual balance over a further term.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

8. Creditors - Amounts falling due after more than one year (continued)

a. The Co-operative Bank

ii) Position Now

The interest rate shown above, 5.5%, was for a fixed term only up to a maturity date of 1st September 2016. We have, as of June 2016, re-negotiated our loan facility as follows:-

Start Date	1 st September 2016
Maturity Date	3 rd September 2029
Rate of interest	Fixed Rate 2.71875%
Number of properties held as security	100

b) Energy Savings Trust

Start Date	July 2013
Maturity Date	June 2028 *
Rate of interest	3.5%
Number of properties held as security	Nil

* This loan was originally a 10 year loan but in March 2016 we negotiated an extension of the loan repayment schedule to a 15 year period at the same interest rate.

	2016 £	2015 £
Between one and two years	167,931	207,595
Between two and five years	519,152	922,786
In five years or more	2,930,533	2,557,451
	<u>3,617,616</u>	<u>3,687,832</u>

9. Deferred Capital Grants

	2016 £	2015 £
Social Housing Grants		
Balance as at 1 st April 2015	30,167,744	30,984,534
Amortisation in year	(816,777)	(816,790)
Balance as at 31 st March 2016	<u>29,350,967</u>	<u>30,167,744</u>
Other Fixed Asset Grants		
Balance as at 1 st April 2015	5,538,286	5,544,586
Rebated	(25,536)	-
Amortisation in year	(6,400)	(6,300)
Balance as at 31 st March 2016	<u>5,506,350</u>	<u>5,538,286</u>
Total	<u>34,857,317</u>	<u>35,706,030</u>

This is expected to be released to the Statement of Comprehensive Income in the following year.

	2016 £	2015 £
Amounts due within one year	823,177	823,177
Amounts due in one year or more	34,034,140	34,882,853
Balance as at 31 st March 2016	<u>34,857,317</u>	<u>35,706,030</u>

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

10. Other finance income / charges

	2016 £	2015 £
Unwinding of discounted liabilities and remeasurement	(39,799)	(228,238)

11. Directors Emoluments

The Directors are defined as the members of the Committee of Management, the Chief Executive Officer and any other person reporting directly to the Directors or the Committee of Management whose total emoluments exceed £60,000 per annum.

None of the Committee Members received any remuneration during the year.

	Number of officers	2016 £	Number of officers	2015 £
Total emoluments (including pension contributions and benefits in kind)				
£60,000 to £69,999	<u>2</u>	<u>127,500</u>	<u>1</u>	<u>62,963</u>
Total emoluments (excluding pension contributions) to the highest paid Director		<u>59,902</u>		<u>56,067</u>
Total Remuneration paid to key management personnel		<u>329,957</u>		<u>312,304</u>
Total emoluments (excluding pension contributions) to the Chairperson amounted to		<u>Nil</u>		<u>Nil</u>
Pension contribution payable to Officers in excess of £60,000 salary	<u>2</u>	<u>13,964</u>	<u>1</u>	<u>6,896</u>
Total expenses reimbursed to the Board in so far as not chargeable to United Kingdom income tax		<u>Nil</u>		<u>Nil</u>

12. Employee information

	2016 £	2015 £
Staff costs during year:		
Wages and salaries	939,042	925,303
Social security costs	74,934	77,745
Pension costs	297,639	217,948
	<u>1,311,615</u>	<u>1,220,996</u>

The average full time equivalent number of persons employed by the Co-operative during the year were as follows :-

Office	18.7	18.7
Concierge	13.0	13.0
	<u>31.7</u>	<u>31.7</u>

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

13. Surplus/Deficit on Ordinary Activities

	2016	2015
	£	£
Surplus/Deficit on ordinary activities is stated after charging:-		
Depreciation of tangible fixed assets - housing properties (including accelerated depreciation of £11,240 on component replacement)	930,919	936,255
Other fixed assets	16,355	22,739
Amortisation of Housing Association Grants	816,777	816,790
Amortisation of other grants	6,400	6,300
Bad debts written off	15,673	21,171
Auditor remuneration (inclusive of VAT)	8,280	8,136
Other remuneration in respect of other services	<u>-</u>	<u>2,527</u>

14. Reconciliation of funds

	2016	Restated 2015
	£	£
At 01.04.15	1,608,539	1,280,598
Surplus (deficit) for year	584,471	327,940
New shares issued	69	81
Shares cancelled	(63)	(80)
Net change in funds	<u>584,477</u>	<u>327,941</u>
At 31.03.16	<u>2,193,016</u>	<u>1,608,539</u>

15. Share capital

	2016	2015
	£	£
Shares of £1 each fully paid and issued		
Allotted, issued and fully paid at 01.04.15	688	687
Shares issued at par during the year	<u>69</u>	<u>81</u>
	757	768
Shares forfeited	(63)	(80)
At 31.03.16	<u>694</u>	<u>688</u>

Each member of the Co-operative holds one share of £1 in the Co-operative. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at member's meetings.

16. Revenue reserve

	2016	2015
	£	£
At 01.04.15	1,607,851	606,756
Transfer of designated reserve	-	673,155
Surplus for the year	584,471	327,940
At 31.03.16	<u>2,192,322</u>	<u>1,607,851</u>

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

17. Pension fund

Scheme: The Pensions Trust - Scottish Housing Associations' Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 155 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30th December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30th September 2015. This actuarial valuation showed assets of £612m, liabilities of £816m and a deficit of £198m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions

From 1 April 2014 to 30 September 2027: £26,304,000 per annum

(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

17. Pension fund (continued)

Present values of provision	31 March 2016	31 March 2015	31 March 2014
	£	£	£
Present value Pension Trust	2,105,000	2,239,000	2,178,000
Present value Growth Trust	3,835	3,452	3,618
	<u>2,108,835</u>	<u>2,242,452</u>	<u>2,181,618</u>

Reconciliation of opening and closing position

	SHAPS	Growth Plan	Total
	£	£	£
At 31 March 2015	2,239,000	3,452	2,242,452
Unwinding discount (interest expense)	48,000	56	48,056
Deficit contribution paid	(173,000)	(416)	(173,416)
Remeasurement impact of change in assumptions	(8,000)	(60)	(8,060)
Rounding	(1,000)	-	(1,000)
Amendment to contribution schedule	-	803	803
At 31 March 2016	<u>2,105,000</u>	<u>3,835</u>	<u>2,108,835</u>

At 31 March 2014	2,178,000	3,618	2,181,618
Unwinding discount (interest expense)	71,000	95	71,095
Deficit contribution paid	(168,000)	(404)	(168,404)
Remeasurement impact of change in assumptions	157,000	143	157,143
Rounding	1,000	-	1,000
Amendment to contribution schedule	-	-	-
At 31 March 2015	<u>2,239,000</u>	<u>3,452</u>	<u>2,242,452</u>

Income and expenditure impact

	SHAPS	Growth Plan	Total
	£	£	£
Interest expense	48,000	56	48,056
Remeasurement - impact of change in assumptions	(8,000)	(60)	(8,060)
Amendment to contribution schedule	-	803	803
Unexplained difference	(1,000)	-	(1,000)
At 31 March 2016	<u>39,000</u>	<u>799</u>	<u>39,799</u>

Interest expense	71,000	95	71,095
Remeasurement - impact of change in assumptions	157,000	143	157,143
Amendment to contribution schedule	-	-	-
At 31 March 2015	<u>228,000</u>	<u>238</u>	<u>228,238</u>

Assumptions

	31 March 2016	31 March 2015	31 March 2014
	% per annum	% per annum	% per annum
Rate of discount	2.29	2.22	3.42
Rate of discount - Growth Plan	2.07	1.74	2.82

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

17. Pension fund (continued)

West Whitlawburn Housing Co-operative Limited participates in the Pensions Trust's Growth Plan ('the Plan'). The Plan is funded and is not contracted out of the State scheme. The Plan is a multi-employer pension Plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Growth Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Growth Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

West Whitlawburn Housing Co-operative Limited paid no contributions to the Plan during the accounting period. Members paid no contributions during the accounting period.

As at the balance sheet date there were two active members of the Plan employed by West Whitlawburn Housing Co-operative. West Whitlawburn Housing Co-operative continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30th September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

The financial assumptions underlying the valuation as at 30th September 2011 were as follows:

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

17. Pension fund (continued)

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30th September 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.

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

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate.

For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2nd October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (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 Plan. 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 Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan'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 Plan liabilities, Plan 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.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

17. Pension fund (continued)

Owing to this situation, we have included two figures/calculations, namely:

- The cost of withdrawal if we include Series 3 liabilities in the calculation
- The cost of withdrawal if we exclude Series 3 liabilities from the calculation

If an employer withdraws from the Growth Plan prior to the implementation of the regulations, the debt will be calculated on both bases and we would request payment of the higher amount with any adjustment being made when the regulations are implemented.

West Whitlawburn Housing Co-operative Limited has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan based on the financial position of the Plan as at 30th September 2014. As of this date the estimated employer debt for West Whitlawburn Housing Co-operative Limited including Series 3 liabilities was £6,817. The estimated employer debt excluding Series 3 liabilities was £5,770. The Scheme actuary has estimated that the debt at 31st March 2013 would be 3% higher than the debts at 30th September 2012.

West Whitlawburn Housing Co-operative Limited has been notified by the Pensions Trust of the Scottish Housing Association Pension Scheme that past service deficit contributions payable for the year to 31st March 2015 is £Nil. The deficit contribution will increase to £428 as from 1st April 2016 and will increase by 3% a year for the next ten years. The calculated net present value of this contribution at 31st March 2015 using a 4% discount rate is £72,450.

18. Capital commitments

The Co-operative had no capital commitments at 31st March 2016 (2015 - £Nil).

19. Housing stock

The number of units in Management at 31st March was as follows:-

	2016	2015
General needs	644	644
Supported	-	-
Shared ownership	-	-
	<u>644</u>	<u>644</u>

20. Related parties

Members of the Committee of Management are related parties of the Co-operative as defined by Financial Reporting Standard 102.

All members of the Committee of Management are tenants of the Co-operative. The transactions with the Co-operative are all done on standard terms, as applicable to all tenants. Transactions with governing members (and their close family) were as follows:-

Gross rents charged to governing members and close family £67,125.

At the year end, total rent advances by tenant members of the Committee were £1,956 and the total arrears were £1,266.

Repairs were £8,207.

Internet line rental costs were £672.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

20. Related parties (continued)

West Whitlawburn Housing Co-operative Limited (WWHC) works in partnership with Whitlawburn Community Resource Centre (WCRC) and co-operates in the pursuit of its charitable objectives. During the year WWHC donated £45,000 (2015: £85,000) to support WCRC in the provision of Whitlawburn Community Regeneration. During the period WWHC made a donation of £45,000 (2015: £85,000). At 31st March 2016 the amount owed to WWHC was £1,815 (2015: £3,756).

There is also a related company called Whitcomm Co-operative Limited, a company limited by guarantee, that has been set up to provide low cost telecommunications to encourage social inclusion. At 31st March 2016 the amount owed WWHC was £39,820 (2015: £44,982).

21. Leasing commitments

At 31st March the Co-operative had the following annual operating lease commitments for the year ending 31st March 2016 and beyond.

	2016 Equipment £	2015 Equipment £
Operating leases which expire:		
Within one year	-	-
Within two to five years	1,671	1,671
After more than five years	136,800	134,758
	<u>138,471</u>	<u>136,429</u>

22. Contingent liability

Other

In the year to 31st March 2005 the Co-operative was informed by Communities Scotland that development allowances in the prior year of £200,000 had been overpaid.

The Co-operative does not accept the validity of the claim and will contest any action for repayment.

Negotiations are still ongoing and the outcome cannot yet be determined.

Housing Association Grant allocated to components (as detailed in Note 1) that have subsequently been replaced by the Co-operative are recognised in the Statement of Comprehensive Income, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Statement of Comprehensive Income at 31st March 2016 was £Nil (2015: £Nil).

23. Grants received - Big Lottery Funding - Whit Money

The Co-operative gratefully acknowledges the award and receipt of grant from the Big Lottery Fund to support the Whit Money project. Grants received in the year totalled £7,628. This amount was expended in terms of the offer of the grant.

Scottish Government - People in Communities Funding

The Co-operative gratefully acknowledges the award and receipt of grant from the People in Communities fund totalling £40,376. This amount was expended in terms of the offer of the grant.

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2016

24. Transition to FRS 102

In accordance with the Statement of Recommended Practice the Co-operative has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting period beginning on 1st April 2015. As a result of this the comparative figures for the period ending 31st March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in several changes in accounting policies compared with those used previously. The following describes the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 31st March 2016.

Changes for FRS 102 adoption:

- (i) Social Housing Grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.
- (ii) FRS 102 requires that provision be made for employment costs such as holiday pay which had been incurred but not paid at the balance sheet date. Previously no adjustment had been made for these amounts.
- (iii) As the Co-operative has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs.
- (iv) The liability recognised as a result of (iii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A.
- (v) FRS 102 requires that all debtor balances are included at fair value. The balances due from tenants have therefore been reviewed and adjusted as necessary.

31st March 2015

	As previously Stated £	Effect of Transition £	As Restated £
Non current assets	4,862,843	37,206,321	42,069,164
Current assets	4,335,096	(20,040)	4,315,056
Current liabilities	(3,132,168)	(8,200)	(3,140,368)
Non Current liabilities	(3,687,831)	(2,241,452)	(5,929,283)
Deferred income	-	(35,706,030)	(35,706,030)
	<u>2,377,940</u>	<u>(769,401)</u>	<u>1,608,539</u>
Capital and reserves	<u>2,377,940</u>	<u>(769,401)</u>	<u>1,608,539</u>

WEST WHITLAWBURN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2016

24. Transition to FRS 102 (continued)

	£	£
Surplus for year 31 March 2015 previously reported		338,416
Adjustments		
Stage 111 - removal cost	22,370	
Additional depreciation - property	759,695	
Stage 111 - removal grant	(21,819)	
Additional depreciation - office	6,686	
Increase in payroll cost - payroll	500	
Pension deficit adjustment	59,834	
Release of deferred income	(816,790)	
		10,476
Revised surplus for year ended 31 March 2015		<u>327,940</u>
Revenue reserve 31 March 2014 previously reported		1,365,681
Adjustments		
Incorporation of pension deficit	2,181,618	
Increase in payroll accrual	7,700	
Increase in bad debt provision	20,000	
HAG adjustment	488,563	
HAG adjustment	(484,511)	
Additional depreciation - housing property	14,105,851	
Release of deferred income	(15,433,619)	
Office property grant	(126,676)	
		758,926
Revised revenue reserve for year ended 31 March 2014		<u>606,755</u>