

West of Scotland Housing Association Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2020

Registered Housing Association No. HEP201

Scottish Charity Number: SC018486

Co- operative and Community Benefit Societies Registered Number 1828R(S)

WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED

Report and Financial Statements for the year ended 31 March 2020

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Registration Information

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registration Number 1828R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number HEP201
Scottish Charity Number	SC018486

WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Members of the Board

Ruth Simpson	(Chair)
Kelly Adams	
Irene Campbell	Appointed 29/01/20
Elaine Davidson	
Ryan Docherty	Appointed 22/05/19
Nick Farrell	Appointed 22/05/19
George Kpodo	Appointed 26/09/19
Paul McCandlish	Appointed 22/05/19
Derek McGowan	
Paul McNeil	Appointed 30/10/19
Clare Newton	Vice Chair
Anne Reid	
John Shearer	
Shona Gallacher	Resigned 04/09/19
Ena Hutchison	Resigned 03/09/19
Lorraine Preston	Appointed 26/09/19
	Resigned 18/05/20
David Wark	Appointed 26/09/19
	Resigned 03/03/20

Executive Officers

Lynne Donnelly	Chief Executive Officer (resigned 30 June 2019)
Brian Gannon	Chief Executive Officer (appointed 2 September 2019)
Jennifer Cairns	Director of Corporate Services (appointed 27 May 2020)
Robert Campbell	Director of Housing and Community Services (appointed 4 May 2020)
Stewart Gibb	Director of Housing and Customer Services (Retired 31 May 2020)
Andrew Kubski	Director of Development and Asset Management
Colin MacCallum	Director of Finance

Registered Office

Camlachie House
40 Barrowfield Drive
Glasgow
G40 3QH

External Auditor

Alexander Sloan
180 St Vincent Street
Glasgow
G2 5SG

Internal Auditor

BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

Banker

Barclays Bank PLC
1st Floor
Aurora House
120 Bothwell Street
Glasgow
G2 7JT

Solicitor

Harper McLeod
The Ca' d'Oro
45 Gordon Street
Glasgow
G1 3PE

Report of the Board of Management

The Board of Management (Board) presents its report and the audited financial statements for the year ending 31 March 2020.

Legal Status

West of Scotland Housing Association is a registered non-profit making organisation under the Co-operative and Community Benefits Societies Act 2014 No 1828R(S). The Association is a registered Scottish charity, No SC018486.

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefits Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

Principal Activities

The principal activity of West of Scotland Housing Association is to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care.

Strategic Aims and Objectives

The Association's Vision, Values and Strategic Aims reflect West of Scotland Housing Association's priorities operating as an independent organisation delivering services across several local authority areas. The Association's strategic aims were reviewed and reaffirmed in the 2019 financial year and are shown below:

- Deliver outstanding service to customers in all our communities
- Actively manage our assets and develop new homes to meet local needs
- Be the best we can be for our staff and customers
- Work with others to improve tenants' lives
- Be well governed and financially strong.

The Association continues to work with partner organisations and draw on its own resources to ensure our objectives are delivered in a way that meets our mission statement:

We put customers at the heart of everything we do. We do this by listening to their views and caring about what matters to them. We take a flexible and innovative approach when providing homes and services that help individuals and communities thrive.

Overview

2019/20 was a year of change at West of Scotland HA. Our previous Chief Executive (CEO) Lynne Donnelly retired and was replaced as CEO by Brian Gannon, previously Head of Housing & Community Regeneration at Thenu HA, on the 2nd September 2019. Our Board also appointed 8 new members.

As our new CEO, Brian has worked with the Board and our Leadership Team, to develop a new approach to business planning, setting out more clearly our Key Business Objectives for the year ahead.

Through the work we have undertaken with our Board and Leadership Team we aim to ensure that all have a thorough understanding of our Corporate Business Plan and asset management strategy and the risks inherent in both.

We recognise that good business planning is at the heart of our approach, together with strong

Report of the Board of Management (cont'd)

Overview (cont'd)

governance, effective management and financial viability. This more robust approach to business planning will also help to deliver good outcomes for our tenants and other service users.

We continue to work closely with our Tenants Advisory Group and Scrutiny Panel to improve our services. These groups are vital in ensuring that our decision making reflects the needs and preferences of our service users and our communities.

Our Board has an ongoing process in place to self-assess compliance with the Scottish Housing Regulator's (SHR) Regulatory Standards of Governance and Financial Management. This process includes Board annual reviews, training and development plan, review of Board meetings and linking Board papers to compliance with the standards. This self-assessment identifies any areas of improvement which forms the basis of our Governance Improvement Plan.

In 2019/20, our Board assessed compliance with all Regulatory Requirements in preparation for the first Assurance Statement that was submitted to the SHR in October 2019. The Board signed off on this compliant statement after receiving the assurance it required that the Association was complying with the Regulatory Requirements detailed in Chapter 3 of the SHR's Regulatory Framework. A working group of the Board and staff considered and reviewed the comprehensive evidence of compliance and identified the necessary improvement actions to ensure we continued to meet all the regulatory requirements. Through this process, areas of improvement were identified; these included further development of the rent consultation process and consideration of rent affordability, improving our data in respect of equalities and human rights and strengthening Board assurance processes in respect of tenant and resident safety. These are areas that we focused on in 2019/20 and will continue to improve in 2020/21. Improving the robustness of our equalities data is particularly important for us.

Also in 2019/20, we reviewed our Federal Structure in respect of Board membership and following this recruited 3 new General Board Members in May 2019 and 4 new Tenant Board members after our AGM; 3 from the Glasgow membership category and 1 from the Ayrshire membership category. We have also co-opted a Board member who is a Chief Executive of another RSL to further strengthen our governance arrangements. Over the next year, we will continue to deliver a robust induction programme for new Board members and an ongoing Training and Development Plan for all Board members. In line with our Digital & IT Strategy we will also be introducing e-learning for Board members.

The Board oversees the performance of its sub-committees through regular reporting by the Audit Committee, Development and Investment Sub Committee and Staffing Sub Committee.

Our February 2020 Board meeting approved our Digital & IT Strategy which has been developed with a Short Life Working Group comprising staff drawn from different teams within the Association. Digital transformation is particularly important for our Housing Services teams who will now be able to access our housing systems remotely through mobile working. During 2019 we approved the restructure of our housing teams and this process was completed by the end of June 2020. The restructure aims to achieve improved performance in rent arrears and void management.

Our focus on putting customers at the heart of everything we do is reflected in our very impressive customer satisfaction results. 91% of our tenants told us they were satisfied with the Association as their landlord. Other very positive results included; 99.3% of tenants were satisfied with how we kept them informed, 99.5% were happy with their opportunities to participate in our decision making, and 95% of tenants were satisfied with the quality of their home.

Our Development Team works in partnership with our Local Authorities and Scottish Government funding partners to deliver new homes through our significant new build programme. We anticipate the remaining units from our programme of 490 homes will be completed between 2020 and 2022 across a number of sites. By the end of March 2020, we had completed 127 units in Troon,

Report of the Board of Management (cont'd)

Overview (cont'd)

Symington and East Kilbride. We are well advanced with construction at Fielden Street, Glasgow and expect the 52 units to be delivered in late 2020. We also had site starts adjacent to Dalmarnock Station in Glasgow's East End, as well as Doonfoot, Ayr during the early part of 2020. We aim to be on site in the latter part of 2020 with our remaining development projects.

Financial Review

In the year to 31 March 2020, total revenue increased to £20.0m (2019: £19.4m). Of this rents and service charges contributed £15.8m (2019: £15.1m). The revenue for the year also reflects the release to income of £3.7m (2019: £3.7m) of Housing Association Grant received in prior years to assist with the acquisition and construction of housing stock.

Operating costs on housing activities rose to £16.4m (2019: £15.6m) which was an increase of £0.8m on the comparative period. Of this, £0.4m lay within management and maintenance administration costs. The additional costs included increased expenditure to support our new build development programme; including temporary staff and legal fees in respect of additional loan funding as well as professional fees to update property insurance valuations. We also incurred additional IT costs including an amortisation charge for our new computer systems and carried out some reconfiguration of our office space.

The Association spent £6.5m (2019: £6.4m) maintaining and improving its housing stock. Of the £6.5m, £4.2m (2019: £3.9m) was spent on reactive and planned maintenance activities to maintain the fabric of our buildings with £2.3m (2019: £1.6m) spent on new components (bathrooms, boilers, kitchens and windows) to replace existing components which had come to the end of their useful lives.

The interest paid on the Association's loans rose to £1.9m (2019: £1.7m) reflecting an increase in our borrowing of £1.6m to £64m.

The Statement of Comprehensive Income (page 17) records a surplus for the year of £0.6m (2019: £0.9m).

In the year to 31 March 2019 the Association changed the accounting methodology for the Scottish Housing Associations' Defined Pension Scheme. This led to the Association accounting for the scheme as a Defined Benefit scheme whereby previously the scheme had been accounted for as a Defined Contribution scheme. The change to Defined Benefit accounting resulted in the Association recording a liability of £3.771m on its balance sheet as at 31 March 2019 for its share of the pension scheme deficit. In 2019/20 contributions paid into the scheme during the year together with changes to actuarial assumptions towards the year end resulted in the Association's share of the liability at 31 March 2020 reducing to £184,000. An accounting (non-cash related) adjustment of £3.329m to reflect the movement in the liability has been recognised in the Statement of Other Comprehensive Income on page 18 of the financial statements. Further detail is contained in Note 27.

The Statement of Financial Position reflects the results of the year, including the effect of the changes in pension scheme liability, with reserves rising to £16.2m from £12.3m.

At the year-end cash and cash equivalents had risen to £2.2m from £1.7m. The Association also has access to considerable undrawn borrowing facilities which will be used to fund our continuing development programme.

The year ended with the Coronavirus pandemic which placed significant operational restrictions on our ability to deliver services to our tenants. The subsequent lockdown also had a detrimental effect on the incomes of many of our tenants and we have sought to provide support and relief where possible. As part of our Going Concern review we carried out an assessment of the potential impact of the pandemic on the finances of the Association and are satisfied that there will be no long term adverse financial impact on the Association and on our ability to continue to deliver services to our communities.

Report of the Board of Management (cont'd)

Future Prospects

Our Key Business Objectives for the forthcoming financial year are noted below. They reflect the environmental analyses we have carried out taking account of our strengths, weaknesses, opportunities and external threats to the business. They were developed by our Board and Leadership Team to ensure all our stakeholders understood what our priorities are for the year ahead:

- 1) Improving our Governance & Culture
- 2) Becoming More Efficient/Reducing Costs
- 3) Digital Transformation of WSHA
- 4) Our Response to a Climate Emergency
- 5) Meeting Changing Demand/Needs from our Older Tenants
- 6) Being Clearer About Our Strategy for Growth & Consolidation
- 7) Preparing for Delivery of Mid-Market Rent
- 8) Our Response to a Wider Homelessness and Tenancy Sustainment Agenda
- 9) Undertake an Options Appraisal on Delivery of our Reactive and Void Repairs Service

In addition to our Key Business Objectives for 2020/21, priorities which will underpin our activity throughout the 5-year plan are:

- Keeping Rent Increases as low as possible
- Maximising our income
- Bringing our costs more in line with our Peer RSLs
- Continuing to support vulnerable people in our communities
- Pre-1919 tenement investment delivery plan
- Delivering more new build housing in our communities
- Digital Transformation of systems and services
- Developing and improving our culture and people

Our Corporate Business Plan, which was approved by our Board, reflects our chosen strategic direction. We will use a strategic options appraisal approach to consider our strategic alternatives and analyse their relative costs and benefits against a pre-agreed range of criteria. For example, the plan sets out our Criteria for Growth Framework and also sets out our key strategic options, as noted below, which are largely determined by our approach to growth or consolidation of WSHA as an independent organisation.

Strategic Options:

Option 1: Continue new build development beyond our current projects.

Option 2: Being open to future growth through RSL acquisition

Option 3: Pro-active disposal of existing stock that is uneconomic or remote from other WSHA property.

Our 30-year investment plan amounts to around £190m. Our investment plan includes planned maintenance works, and separate budgets for cyclical maintenance, reactive repairs, and void repairs. Through strategic procurement planning we will continue to drive down contract costs through offering economies of scale to contractors providing better VFM for our customers. We will undertake an options appraisal on how we will deliver reactive and void repairs services including consideration of taking these contracts in-house.

Our Board is fully supportive of the Scottish Government's vision of the future and is committed to reducing fuel poverty in tenants' homes and anticipates compliance with EESSH targets in 2020 across our entire stock, where this is financially feasible.

It is our intention to draft a new build Development Strategy during 2020 for the next 5 years. We continue to take an innovative approach to development advances and adopt changes in technology

Report of the Board of Management (cont'd)

Future Prospects (cont'd)

and construction techniques, where it represents value for money for our customers. In 2021/22, we will deliver the largest Passivhaus development in Scotland at Dundashill, Glasgow. This will create 90 new high-quality homes. This is in addition to for 36 units to Passivhaus standard at Springfield Cross, Glasgow of which one third of these homes will be aimed at the over 55s.

Our developments at Dalmarnock Station and Dundashill Glasgow will deliver 129 Mid-Market Rent homes and assist in providing quality, affordable homes for low to moderate income households. We are excited to deliver this new tenure and widen choices for existing tenants as well as new tenants.

Underpinning much of our current business streams is our new Digital & IT Strategy which aims to:

- Invest in Digital & IT infrastructure to help drive unnecessary costs from our business and use digital services and processes to increase efficiency, while at the same time,
- Maximise our residents' access to the internet through supporting and encouraging them to go online.

At the end March 2018, we procured a new ICT system and set up a project team tasked with developing and implementing the system. Phase 1 of our new integrated housing management system went live in October 2019. This represents a step change in our ability to access key information such as repairs history, tenant rent accounts etc. from mobile platforms.

As part of our new investment in our Housing System – Civica Cx, we have provided a Tenant Portal where tenants can access services online 24/7. We have set a target of one-third of tenants using our Portal by March 2021.

Digital Transformation will also be key to helping us achieve our objective to become more efficient and reduce our costs. We have completed a benchmarking exercise on costs with a view to changing our culture to one more focussed on keeping our rent increases low by being as efficient as possible.

Governance improvement will continue to be important to the Board. The Board will review the current self-assessment process and identify where further improvements can be made. We have a continuous improvement approach in relation to our governance in place to ensure that we achieve the highest standards of good governance. As our current Chair is due to stand down as Chair at the AGM in September, we have developed a Succession Plan for the new Chair. This process started with the Board Annual Review process in March 2020.

Main risks and uncertainties

The Association is conscious that Business Growth brings with it additional risks which must be controlled and effectively managed. We continue to work closely with our partners to develop and improve our approach to risk management and to ensure we mitigate risks associated with the management of an active and ambitious development programme.

We have a robust approach to demonstrating our commitment to strong financial management and effective governance arrangements. We recognise and have in place arrangements to allow us to meet the Regulatory requirements and we remain flexible and adaptable in meeting changes to Government Regulations. We have reacted quickly to address new and emerging concerns over Health and Safety for our tenants and will continue to monitor and consider the funding implications for future changes.

We have demonstrated our ability to adapt to new ways of working and service delivery through the Coronavirus crisis and our robust approach to risk assessment and business continuity planning has ensured that we not only minimised the risks to staff and tenants but kept our focus on the delivery of our Key Business Objectives for 2020/21, all of which should be delivered as planned.

We have carried out a financial assessment on the potential impact of the Coronavirus pandemic and

Report of the Board of Management (cont'd)

Main risks and uncertainties (cont'd)

are confident that the plans already in place in respect of our restructuring of housing services will address immediate shortfalls in income over the longer term. Two key strategies (our Digital & IT Strategy and our Green Strategy) have also indirectly benefited from the current crisis by forcing us to work differently and move quicker towards digital transformation and reducing our impact on the environment.

The Board considers the changes to our Housing and Property teams structure will have a positive impact however, members are conscious of the negative impact welfare reform continues to have on our tenants and will continue to work closely with our subsidiary Willowacre Trust to ensure that vulnerable tenants receive additional support when required.

Employee Development, Health and Safety and Equalities

We continued to implement our HR Strategy and key achievements this year have been the introduction of a suite of e-learning courses through MentorLive. In addition to this we have developed and delivered in house training courses on topics such as Customer Care, Recruitment & Selection and Absence Management. We delivered a robust Training Programme to staff throughout the year to ensure that all staff are up to date in relation to mandatory training for their role.

We take seriously our responsibility to employees and consult on matters of importance to them when making decisions that affect them and have focused on increasing staff involvement and staff consultation during the year. We carried out a Staff Engagement Survey in February 2020 and will implement the actions arising from this over the course of the next year.

We continue to implement our Healthy Working Lives Programme and this year we introduced a new Employee Support and Wellbeing Service for all staff as part of this programme. We have also introduced new processes in respect of risk assessment and focused on staff health and safety matters as part of our programme including Backcare, DSE and lone working.

In October 2019, the Board approved our new Equalities and Diversity Policy and we are in the process of the implementing the action plan that accompanied this policy, including the introduction of Equality Impact Assessments in respect of policy and service development to ensure that we meet the needs of all tenants. We have identified the gaps in relation to our equalities data and will ensure that this information is collected and collated over the next year.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities, as are those from ethnic and other minority groups. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue.

Community and Support Services

As a social landlord we understand the importance of providing our tenants and communities with access to support which assists them sustain their tenancy and improve their wellbeing. For five decades WSHA has worked in partnership with our charitable subsidiary Willowacre Trust to deliver tenancy sustainment services and provide enhanced opportunities to our tenants. Our tenancy sustainment services include Sheltered Housing Support, Older People's Services, Money Advice, Energy Advice, Digital Support, Handy Person Services and the Barrowfield Community Centre. Willowacre Trust also supports the delivery our community development activities which align with the Community Empowerment Act (2015).

We continued to build on our commitment to our Supporting Communities Strategy and Our Young People's Employment and Training strategy. New initiatives this year included Youth Diversionary Programmes and older people's lunch clubs. We also continued to invest in initiatives aimed at tackling financial hardship, improving health and wellbeing and improving digital connectedness.

Report of the Board of Management (cont'd)

Committee and Officers' Insurance

The Association maintains insurance cover for its Board and officers against liabilities in relation to their duties on behalf of the Association, as authorised by the Association's rules. In addition, the Association has a professional indemnity insurance policy covering community work it undertakes for other organisations.

Creditor Payment Policy

The payment policy, which the Association follows, is to pay all purchases within 28 days, although some payments are settled in 14 days, and/or in accordance with creditor terms of business.

Members of the Board

Ruth Simpson, Chair – 2, 3
Clare Newton Vice Chair –1, 2
Kelly Adams – 1
Irene Campbell – appointed 29/01/20
Elaine Davidson – 1, 2
Ryan Docherty -3 – appointed 22/5/19
Nick Farrell – 3 – appointed 22/5/19
Shona Gallagher – resigned 4/09/19
Ena Hutchison – resigned 3/09/19
George Kpodo – appointed 26/09/19
Paul McCandlish – 2 – appointed 22/5/19
Derek McGowan - 1
Paul McNeil –appointed 30/10/19
Lorraine Preston – appointed 26/09/19 and resigned 03/03/20
Anne Reid – 3
John Shearer -1, 2
David Wark – appointed 26/09/19 and resigned 18/05/20

Sub Committees

1. Audit Committee
2. Staffing Sub Committee
3. Development and Investment Sub Committee (DISC)

Alistair Campbell has been a co-opted member of the Audit Committee since 23 May 2018.
Jim Hayton has been a co-opted member of the DISC since 29 March 2017.

Executives

The Executive Officers of West of Scotland Housing Association at 31 March 2020 were as follows:

Brian Gannon	Chief Executive Officer	Appointed 2 September 2019
Stewart Gibb	Director of Housing and Customer Services	Resigned 31 May 2020
Andrew Kubski	Director of Development and Asset Management	
Colin MacCallum	Director of Finance	

Following the resignation of Lynne Donnelly, the Association appointed Brian Gannon as its new Chief Executive. Brian joined the Association from Thenue Housing Association Limited where he was Head of Housing (Housing Management & Community Regeneration) and took up his duties on Monday 2 September 2019.

Report of the Board of Management (cont'd)

Disclosure of Information to Auditor

Each member of the Board and executive officers has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

Pursuant to Section 487 of the Companies Act 2006, a resolution to appoint the auditor will be presented at the Annual General Meeting.

On behalf of the Board of Management

A rectangular box with a red border, completely filled with black, used to redact the signature of the Company Secretary.

Company Secretary:

Dated: 7/9/2020

Statement of Board of Management's Responsibilities in respect of Internal Financial Control

The Board of Management ("Board") acknowledges its ultimate responsibility for ensuring that the RSL has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

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

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

- formal policies and procedures are in place, including the on-going documentation of key systems and rules in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the governing body to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget 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 the Board of Management;
- the Audit Committee/Board received reports from management and from external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2020. No weaknesses were found in internal financial controls which resulted 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 Board of Management


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Dated: 7/9/2020

Statement of Board of Management's responsibilities in respect of the Board of Management's report and the financial statements

The Board of Management ("Board") is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period.

In preparing these financial statements, the Board is 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 and the Statement of Recommended Practice 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 Association will continue in business; and
- prepare a statement on internal financial control.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019. The Board of Management has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

Report by the auditors to the members of West of Scotland housing Association Limited on corporate Governance matters.

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Board of Management's statement on page 11 concerning the Association's compliance with the information required by the Regulatory Standards for important RSLs in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our 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 Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the statement on internal financial control on page 11 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes, issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
11/9/2020



Independent auditor's report to the members of West of Scotland Housing Association Limited.

Opinion

We have audited the financial statements of West of Scotland Housing Association ("the Association") for the year ended 31st March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where :

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The Board of Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of West of Scotland Housing Association Limited (cont'd).

Other information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on Page 11, the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for 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 the Board of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorresponsibilities>. This description forms part of our audit report.

Independent auditor's report to the members of West of Scotland Housing Association Limited (cont'd).

Use of Our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. 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.

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
11/9/2020



WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED
 REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

**Statement of Comprehensive Income
 For the year ended 31 March 2020**

	Notes	2020 £000	2019 £000
Turnover	3	20,033	19,397
Operating Expenditure	3	<u>(17,441)</u>	<u>(16,775)</u>
Operating Surplus		2,592	2,622
Interest Receivable and similar income	7	12	7
Interest Payable and similar charges	8	(1,961)	(1,731)
Comprehensive income for the year		<u><u>643</u></u>	<u><u>898</u></u>

The results for the year relate wholly to continuing activities.

The notes on pages 22 to 44 form part of these financial statements.

WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

**Statement of Other Comprehensive Income
For the year ended 31 March 2020**

	Notes	2020 £000	2019 £000
Comprehensive income for the year		643	898
Adjustment to reflect pension liability at 1 April 2018	27	-	(1,113)
Actuarial movements on defined benefit scheme	27	3,329	(877)
Total Comprehensive Income for the year		<u>3,972</u>	<u>(1,092)</u>

The results for the year relate wholly to continuing activities.

The notes on pages 22 to 44 form part of these financial statements.

WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED
 REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

**Statement of Financial Position
 For the year ended 31 March 2020**

	Notes	2020 £000	2019 £000
Fixed assets			
Intangible Assets	9	234	222
Tangible assets - housing properties	10	220,515	211,546
Tangible assets - other	11	2,312	2,299
Investment Properties	12	225	225
		<u>223,286</u>	<u>214,292</u>
Current Assets			
Stock		1	1
Receivables	14	2,327	1,737
Cash and Cash Equivalents		2,175	1,671
		<u>4,503</u>	<u>3,409</u>
Less: Payables due within one year	15	<u>(5,238)</u>	<u>(4,046)</u>
Net Current Liabilities		(735)	(637)
Total Assets less Current Liabilities		222,551	213,655
Payables : amounts falling due after more than one year	16	(62,450)	(60,226)
Provisions for Liabilities and Charges	17	(98)	(97)
Provision for Defined Benefit Obligation	27	(184)	(3,771)
Deferred Capital Grants	18	(143,582)	(137,296)
		<u>16,237</u>	<u>12,265</u>
Net assets		<u>16,237</u>	<u>12,265</u>
Reserves			
Share capital	19	-	-
Reserves		<u>16,237</u>	<u>12,265</u>
		<u>16,237</u>	<u>12,265</u>

The notes on pages 22 to 44 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 26 August 2020 and signed by:

Board Member:

Board Member:

Company Secretary:



WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

**Statement of changes in reserves
For the year ended 31 March 2020**

	Unrestricted reserve £000
<i>Current year</i>	
Balance at 1 April 2019	12,265
Surplus from statement of total other comprehensive income	3,972
Balance at 31 March 2020	<u>16,237</u>
	Unrestricted reserve £000
<i>Prior year</i>	
Balance at 1 April 2018	13,357
Deficit from statement of other comprehensive income	(1,092)
Balance at 31 March 2019	<u>12,265</u>

The notes on pages 22 to 44 form part of these financial statements.

WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED
 REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Statement of Cash Flows
For the year ended 31 March 2020

	Note	2020 £000	2019 £000
Net Cash Inflow from Operating Activities	20	5,250	4,438
Investing Activities			
Purchase of tangible fixed assets		(14,980)	(11,032)
Purchase of intangible fixed assets		(71)	-
Proceeds from sale of tangible fixed assets		200	25
Grants received		9,514	4,547
Grants Repaid		<u>(120)</u>	<u>-</u>
Net cashflow from investing activities		(5,457)	(6,460)
Financing activities			
Interest paid		(1,896)	(1,726)
Interest received		12	7
New secured loans advanced		4,000	5,675
Repayments of borrowings		<u>(1,405)</u>	<u>(1,336)</u>
Net cashflow from financing activities		711	2,620
Increase in cash		<u>504</u>	<u>598</u>
Opening cash & cash equivalents		1,671	1,073
Closing cash & cash equivalents		<u><u>2,175</u></u>	<u><u>1,671</u></u>
Cash and cash equivalents at 31 March 2020		<u><u>2,175</u></u>	<u><u>1,671</u></u>

The notes on pages 22 to 44 form part of these financial statements.

Notes to the financial Statements
For the year ended 31 March 2020

1. Accounting Policies

(a) Introduction and accounting basis

These 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 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting for social housing providers issued in 2018.

The financial statements have been prepared on the historical cost basis as modified by the valuation of certain heritable properties. The principal accounting policies that have been applied consistently to all periods presented in these financial statements are set out below.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Association. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2. The use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

West of Scotland Housing Association Limited meets the definition of a public benefit entity (PBE).

(b) Going concern

The Board of Management has compiled projections that indicate the Association will generate surpluses throughout the five and thirty year planning periods. The Association has a healthy cash position and has access to undrawn borrowing facilities. The Board is therefore satisfied that there are sufficient resources available to continue operating for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis of accounting in preparing the annual financial statements.

These accounts were prepared during the COVID 19 pandemic. The Board has considered whether or not there will be any short- or medium-term material adverse effect on the financial position of the Association as a result of the working restrictions and impact on the general economy. As a result of the actions taken the Board do not expect any material adverse impact on its finances as a result of the COVID 19 pandemic.

(c) Turnover

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, other services provided, revenue grants receivable and government grants released to income in the period. The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met. Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

(d) Social Housing Grant

Social Housing Grant ("SHG"), at amounts approved by The Scottish Government is paid directly to the Association during the development process.

SHG is repayable under certain circumstances primarily following the sale of property but will normally be restricted to the net proceeds of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

SHG received as a contribution towards the capital cost of a housing development is recognised in line

**Notes to the financial Statements
For the year ended 31 March 2020**

1. Accounting policies (cont'd)

Social Housing Grant (cont'd)

with the accrual model. The accrual model results in the grant being recognised over the expected useful life of the housing property structures.

(e) Intangible assets

All intangible assets shall be considered to have a finite useful life of 5 years on a straight-line basis. The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights but may be shorter depending on the period over which the entity expects to use the asset. Amortisation of intangible assets is shown within operating costs.

(f) Fixed assets - Housing properties

Housing properties are stated at cost less accumulated depreciation. The development cost of housing properties includes: -

1. Cost of acquiring land and buildings; and
2. Development expenditure including administration costs.

These costs are either termed "qualifying costs" by The Scottish Government for approved social housing grant schemes or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value are included in the financial statements for the year, provided that the dates of issue or valuation are prior to the year-end.

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

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

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

All costs relating to the share of property sold are removed from the financial statements at the date of sale.

(g) Capitalisation of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

(h) Development Interest

Interest incurred in financing a development is capitalised up to the date of practical completion of the scheme.

(i) Investment properties

Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value. Changes in fair value are recognised in the Statement of Comprehensive Income.

**Notes to the financial Statements
For the year ended 31 March 2019**

1. Accounting policies (cont'd)

(j) Depreciation

(i). Social housing units

Each housing unit has been separated into its major component parts. Each major component is depreciated on a straight-line basis over its expected economic useful life. The following major components and useful lives have been adopted by the Association:

Land	–	not depreciated
Structure	–	over 50 years
Windows	–	over 25 years
Bathrooms	–	over 30 years
Kitchens	–	over 15 years
Central Heating	–	over 15 years

(ii). Property, plant and equipment

Depreciation is charged on a straight-line basis on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used: -

Heritable Property	–	2% per annum
Commercial Property	–	4% per annum
Office Equipment	–	10% per annum,
Computer and Other Equipment	–	33.33% per annum
Motor Vehicles	–	25% per annum

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

(k) Impairment

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Association estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

(l) Investments

Investments in subsidiary undertakings are stated at cost.

(m) Loans

Mortgage loans are advanced by Private Lenders under the terms of individual mortgage deeds in respect of each property or housing scheme.

**Notes to the financial Statements
For the year ended 31 March 2020**

1. Accounting policies (cont'd)

(n) Financial Instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss are recognised immediately in income and expenditure.

Financial liabilities

Trade and Other Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to

**Notes to the financial Statements
For the year ended 31 March 2020**

1. Accounting policies (cont'd)

Derecognition of financial assets and liabilities (con'd)

another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(o) Stocks

Stocks of maintenance materials are valued at the lower of cost and net realisable value. Cost is defined as the value on the supplier's invoice.

(p) VAT

The Association is VAT registered but a large proportion of its income is exempt for VAT purposes. As a result, most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

(q) Provisions

In accordance with Financial Reporting Standard 102 provision is made for furniture replacements.

(r) Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of the cost of staff directly attributable to the operations disclosed within the Statement of Comprehensive Income.

(s) Pensions (note 27)

The Association contributes to the two Scottish Housing Association Pension Schemes (SHAPS).

Defined contribution plan

For the defined contribution scheme, the amount charged to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit plan

The Association participates in the Scottish Housing Associations Defined Benefit Pension Scheme where retirement benefits to employees of the Association 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 organisations taken as a whole. From 1 April 2018, the Association has accounted for this scheme as a defined benefit pension scheme in accordance with FRS 102.

(t) Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for West of Scotland Housing Association Limited present information about it as an individual undertaking and not about the group.

(u) Operating leases

Rentals under operating leases are recognised in the Statement of Comprehensive Income on an accruals basis.

(v) Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

Notes to the financial Statements
For the year ended 31 March 2020

2. Critical accounting estimates and judgements

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities.

These accounts were prepared during the COVID 19 pandemic. The board has considered whether or not there will be any short- or medium-term material adverse effect on the financial position of the Association as a result of the working restrictions and impact on the general economy. As a result of the actions taken the board do not expect any material adverse impact on its finances as a result of the COVID 19 pandemic. The Board does not consider it necessary to restate the value of the investment property - see note 12.

The use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The principal areas where management has exercised judgement are: -

a. Financial instrument break clauses

The Association has considered the break clauses attached to its financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

b. Financial instruments - basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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

c. Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. In 2018 the Pension Trust developed a method of calculating each member's share of the assets and liabilities of the scheme. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 27). The net defined benefit pension liability at 31 March 2020 was £184,000 (2019: £3,771,000).

Areas where estimates are used are: -

- In estimating the useful lives of housing properties and capitalised components.
- In estimating depreciation rates to be applied to housing properties, capitalised components and other fixed assets.
- In estimating the recoverable amounts of rental and other trade receivables.
- In estimating grant amortisation.
- In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

WEST OF SCOTLAND HOUSING ASSOCIATION
 REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Notes to the financial Statements
For the year ended 31 March 2020

3. Particulars of Turnover, Operating Costs and Operating Surplus

	2020				2019			
	Turnover £000	Operating Costs £000	Disposal of Assets £	Operating Surplus £000	Turnover £000	Operating Costs £000	Disposal of Assets £	Operating Surplus £000
Income and Expenditure From Lettings								
Social Lettings (Note 4)	19,351	16,396	-	2,955	18,587	15,642	-	2,945
Other Activities (Note 5)	682	1,070	-	(388)	810	1,134	-	(324)
Disposal of assets (Note 6)	-	-	25	25	-	-	1	1
	<u>20,033</u>	<u>17,466</u>	<u>25</u>	<u>2,592</u>	<u>19,397</u>	<u>16,776</u>	<u>1</u>	<u>2,622</u>

**Notes to the financial Statements
For the year ended 31 March 2020**

4. Particulars of turnover, operating costs and operating surplus from social lettings activities

	General Needs Housing £000	Supported Housing Accommodation £000	Shared Ownership Accommodation £000	2020 Total £000	2019 Total £000
Income from rent and service charges					
Rent receivable net of service charges	14,166	882	80	15,128	14,443
Service charges	<u>420</u>	<u>256</u>	<u>3</u>	<u>679</u>	<u>632</u>
Gross income from rents and service charges	14,586	1,138	83	15,807	15,075
Less voids	<u>(181)</u>	<u>(17)</u>	<u>-</u>	<u>(198)</u>	<u>(173)</u>
Net income from rents and service charges	14,405	1,121	83	15,609	14,902
Release of Deferred Income Grant	<u>3,725</u>	<u>-</u>	<u>17</u>	<u>3,742</u>	<u>3,685</u>
Total turnover from affordable letting activities	<u>18,130</u>	<u>1,121</u>	<u>100</u>	<u>19,351</u>	<u>18,587</u>
Expenditure					
Management and maintenance administration costs	4,820	309	56	5,185	4,788
Service costs	401	297	3	701	720
Planned cyclical maintenance including major repairs	1,820	154	-	1,974	1,646
Reactive maintenance costs	2,064	164	-	2,228	2,269
Bad Debts - rents and service charges	165	7	-	172	120
Depreciation of social housing	<u>5,823</u>	<u>257</u>	<u>56</u>	<u>6,136</u>	<u>6,099</u>
Operating costs for affordable lettings activities	<u>15,093</u>	<u>1,188</u>	<u>115</u>	<u>16,396</u>	<u>15,642</u>
Operating surplus on affordable lettings activities	<u>3,037</u>	<u>(67)</u>	<u>(15)</u>	<u>2,955</u>	<u>2,945</u>
2019	<u>3,195</u>	<u>(237)</u>	<u>(13)</u>		

**Notes to the financial Statements
 For the year ended 31 March 2020**

5. Particulars of turnover, operating costs and operating surplus from other activities

	Grants from Scottish Ministers	Other revenue grants	Other Income	Total Turnover		Other operating Costs		Operating surplus/deficit	
	2020 £000	2020 £000	2020 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Stage 3 adaptations	230	-	-	230	309	212	288	18	22
Factoring	-	-	117	117	126	131	130	(14)	(5)
Development and construction of property activities	-	-	-	-	-	150	224	(150)	(224)
Other Activities	<u>-</u>	<u>193</u>	<u>142</u>	<u>335</u>	<u>375</u>	<u>577</u>	<u>492</u>	<u>(242)</u>	<u>(117)</u>
Total for other activities	<u><u>230</u></u>	<u><u>193</u></u>	<u><u>259</u></u>	<u><u>682</u></u>		<u><u>1,070</u></u>		<u><u>(388)</u></u>	
2019	<u>309</u>	<u>241</u>	<u>260</u>		<u>810</u>		<u>1,134</u>		<u>(324)</u>

**Notes to the financial Statements
For the year ended 31 March 2020**

6. Surplus on Sale of Housing Assets

	2020	2019
	£000	£000
Sales Proceeds	211	25
Cost of Sales	<u>186</u>	<u>24</u>
Gain on Sale of Housing Stock	<u>25</u>	<u>1</u>

The cost of sales includes a Housing Association Grant adjustment.

7. Interest receivable and similar income

	2020	2019
	£000	£000
Interest receivable on deposits	<u>12</u>	<u>7</u>

8. Interest payable and similar charges

	2020	2019
	£000	£000
Interest on loans	1,896	1,726
Effective interest rate adjustment	52	37
Interest on pension liability	<u>83</u>	<u>77</u>
	2,031	1,840
Less: Development interest capitalised	<u>(70)</u>	<u>(109)</u>
	<u>1,961</u>	<u>1,731</u>

The average interest capitalisation rate was 2.03% (2019: 2.17%).

9. Intangible assets

	2020	2019
	£000	£000
Cost		
At start of year	222	-
Additions during year	<u>71</u>	<u>222</u>
	293	222
Amortisation	<u>(59)</u>	<u>-</u>
At end of year	<u>234</u>	<u>222</u>

**Notes to the financial Statements
For the year ended 31 March 2020**

9. Intangible assets (cont'd)

The £234,000 (2019: £222,000) reflects the payments to date to acquire a new computer system to replace the existing Housing Management and Financial Ledger systems. The expenditure is being treated as an intangible asset. Further payments will be made in line with the agreed contract schedule. The Housing Management system was substantially completed in 2019/20 and an amortisation charge was raised during the year. The new Financial Ledger will be implemented in 20/21 and the costs amortised thereafter.

10. Tangible Fixed Assets – Housing properties

	Housing Properties Held for Letting £000	Housing Properties In Course of Construction £000	Shared Ownership Held for Letting £000	TOTAL £000
Cost				
At start of year	276,118	7,732	2,553	286,403
Additions during year	2,382	12,992	-	15,374
Transfers in year	6,078	(6,020)	(58)	-
Disposals	<u>(1,299)</u>	<u>-</u>	<u>-</u>	<u>(1,299)</u>
At end of year	<u>283,279</u>	<u>14,704</u>	<u>2,495</u>	<u>300,478</u>
Depreciation				
At start of year	73,943	-	914	74,857
Transfers in year	13	-	(13)	-
Provided in the year	6,080	-	56	6,136
Eliminated on Disposal	<u>(1,030)</u>	<u>-</u>	<u>-</u>	<u>(1,030)</u>
At end of year	<u>79,006</u>	<u>-</u>	<u>957</u>	<u>79,963</u>
Net Book Value at 31 March 2020	<u>204,273</u>	<u>14,704</u>	<u>1,538</u>	<u>220,515</u>
Net Book Value at 31 March 2019	<u>202,175</u>	<u>7,732</u>	<u>1,639</u>	<u>211,546</u>

Additions to housing properties include capitalised development administration costs of £105,337 (2019: £85,254) and capitalised interest of £70,088 (2019: £108,767). The average interest capitalisation rate was 2.03% (2019: 2.17%).

The total expenditure on existing properties during the year was £3,300,146 (2019: £3,431,226). Of this £2,339,532 (2019: £1,649,866) was attributable to component replacements which have been capitalised and £nil on other structural improvements (2019: £837,358). The remaining £960,614 (2019: £944,002) was charged to the statement of comprehensive income as a revenue expense.

The proceeds of property disposals in the year were £210,500 (2019: £25,497). The cost of the properties disposed of was £521,269 (2019: £63,294) and had a net book value of £269,596 (2019: £43,585). The associated Grant attributed to the disposed properties was £213,544 (2019: £nil) of which £120,000 (2019: Nil) was repaid in respect and £93,544 (2019: £Nil) was abated.

**Notes to the financial Statements
For the year ended 31 March 2020**

10. Tangible Fixed Assets – Housing properties (cont'd)

Components with a cost of £778,034 (2019: £870,779), grant of £nil (2019: £nil) and accumulated depreciation of £726,595 (2019: £649,840) were written off during the year. The net book value of the components of £51,439 (2019: £220,939) is included in the depreciation charge for the year.

The carrying value of land included within housing properties is £20.5 million (2019: £20.0 million). All land and housing properties are freehold. Within housing properties held for letting are properties with a net book value of £124 million (2019 restated: £128 million) that have been pledged as security to the Association's lenders in respect of outstanding loans. All land and buildings are heritable properties.

11. Tangible Fixed Assets – Other

	Land £000	Community Centre £000	Offices £000	Other Equipment £000	TOTAL £000
Cost					
At start of year	152	100	2,483	688	3,423
Additions in year	<u>-</u>	<u>-</u>	<u>21</u>	<u>107</u>	<u>128</u>
At end of year	<u>152</u>	<u>100</u>	<u>2,504</u>	<u>795</u>	<u>3,551</u>
Depreciation					
At start of year	-	32	446	646	1,124
Provided in the year	<u>-</u>	<u>4</u>	<u>50</u>	<u>61</u>	<u>115</u>
At end of year	<u>-</u>	<u>36</u>	<u>496</u>	<u>707</u>	<u>1,239</u>
Net Book Value					
At 31 March 2020	<u>152</u>	<u>64</u>	<u>2,008</u>	<u>88</u>	<u>2,312</u>
Net Book Value					
At 31 March 2019	<u>152</u>	<u>68</u>	<u>2,037</u>	<u>42</u>	<u>2,299</u>

**Notes to the financial Statements
For the year ended 31 March 2020**

12. Investment Property

	2020	2019
	£000	£000
As at 31 March	<u>225</u>	<u>225</u>

During 2017/18 the Association relocated staff from its offices at 225 Keppochhill Road. The property was subsequently let to an unconnected third party at an arm's length rent. The term of the lease is for five years. It is the Association's intention to continue to hold this property on an investment basis. The historical cost of the property is £516,572 and at the date of reclassification the net book value was £364,865. The property was valued on 14 December 2016 by an appropriately qualified valuer at a market value of £225,000; accordingly an impairment charge of £139,865 was recognised in the 2017/18 accounts (Note 5). The directors have taken into consideration the current COVID 19 pandemic and consider this valuation to be an accurate reflection of the value of the property as at 31 March 2020.

13. Subsidiary Undertaking

West of Scotland Housing Association controls Willowacre Trust, a Scottish charity and company limited by guarantee. The registered office of Willowacre Trust is Camlachie House, 40 Barrowfield Drive, Glasgow, G40 3QH. The principal activities of Willowacre Trust are the provision of support and services. The aggregate amount of capital and reserves and results of Willowacre Trust for the year ended 31 March 2020 were as follows:

	2020	2019
	£000	£000
Capital and Reserves	<u>442</u>	<u>414</u>
Surplus/(Deficit) for the Year	<u>28</u>	<u>71</u>

During the year the Association provided management services to Willowacre Trust for which a charge of £13,516 (2019: £13,210) was raised of which £nil (2019: £3,302) was outstanding at the year-end. An amount of £6,704 (2019: £3,602) was due from the Trust in respect of other goods and services purchased by the Association on behalf of the Trust.

The Association leases premises to Willowacre Trust for a nominal rent of £1 (2019: £1).

To support the activities undertaken by Willowacre Trust which deliver services and projects associated with the Supporting Communities strategy to West of Scotland Housing Association tenants and communities, the Association makes support funding available on an annual basis. This funding is subject to annual review. In the year ended 31 March 2020 £356,930 (2019: £253,818) was paid to the Trust.

Notes to the financial Statements
For the year ended 31 March 2020

14. Receivables amounts falling due within one year

	2020	2019
	£000	£000
Rental Arrears	1,009	892
Less: provision for bad debts	(496)	(381)
	<u>513</u>	<u>512</u>
Amounts owed by Subsidiary undertaking (due within 1 year)	7	7
Other Debtors	1,642	805
Prepayments and Accrued Income	<u>165</u>	<u>413</u>
	<u><u>2,327</u></u>	<u><u>1,737</u></u>

15. Payables - amounts falling due within one year

	2020	2019
	£000	£000
Bank loans (Note 16)	1,773	1,402
Trade Creditors	540	1,001
Contract Retentions	430	142
Other Creditors	161	151
Accruals and deferred income	1,839	930
Rent in advance	<u>495</u>	<u>420</u>
	<u><u>5,238</u></u>	<u><u>4,046</u></u>

Included in Other Creditors is £43,300 (2019: £40,756) in respect of pension contributions due to the Scottish Housing Associations Pension Schemes.

Notes to the financial Statements
For the year ended 31 March 2020

16. Payables – amounts falling due after more than one year

	2020	2019
	£000	£000
Bank loans	62,214	59,990
Grant Repayable / Recyclable	236	236
	<u>62,450</u>	<u>60,226</u>

The bank loans are secured by specific charges on the Association's properties and are repayable at rates of interest ranging from 1.01% to 5.32% (2019: 0.93% to 5.32%).

The bank loans are repayable as follows:

	2020	2019
	£000	£000
Between one and two years	1,816	1,721
Between two and five years	5,547	5,413
In five years or more	<u>54,851</u>	<u>52,856</u>
	62,214	59,990
Amounts included due within one year	<u>1,773</u>	<u>1,402</u>
	<u>63,987</u>	<u>61,392</u>

17. Provision for Liabilities and Charges

	2020	2019
	£000	£000
Furniture Replacement for Supported Accommodation		
At start of year	97	94
Added during year	3	97
Released during Year	<u>(2)</u>	<u>(94)</u>
At 31 March 2020	<u>98</u>	<u>97</u>

**Notes to the financial Statements
For the year ended 31 March 2020**

18. Deferred Capital Grants

	Housing Properties Held for Letting £000	Housing Properties In Course of Construction £000	Shared Ownership Properties Held for Letting £000	Total £000
At start of year	131,116	6,019	161	137,296
Additions during year	-	10,242	-	10,242
Transfers in year	3,156	(3,130)	(26)	-
Disposals	(214)	-	-	(214)
Amortised in year	<u>(3,725)</u>	<u>-</u>	<u>(17)</u>	<u>(3,742)</u>
At end of year	<u>130,333</u>	<u>13,131</u>	<u>118</u>	<u>143,582</u>

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

	2020 £000	2019 £000
Amounts due within one year	3,831	3,746
Amounts due in one year or more	<u>139,751</u>	<u>133,550</u>
	<u>143,582</u>	<u>137,296</u>

19. Share Capital

Shares of £1 each issued and fully paid	2020	2019
At beginning of year	190	191
Issued during the year	9	1
Shares forfeited in year	<u>(30)</u>	<u>(2)</u>
At end of year	<u>169</u>	<u>190</u>

Each member of the Association holds one share of £1 in the Association. The shares carry no rights to dividends or distributions in the event of a wind up. When a shareholder ceases to be a member, that member's share is cancelled, and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

**Notes to the financial Statements
For the year ended 31 March 2020**

20. Statement of Cash Flows

Reconciliation of surplus to net cash inflow from operating activities	2020 £000	2019 £000
Surplus	643	897
Depreciation of tangible fixed assets	6,251	6,187
Amortisation of intangible asset	59	-
Decrease / (Increase) in trade and other debtors	85	(405)
Increase in trade and other creditors	369	78
Increase in Provisions	1	-
Decrease in provisions and employee benefits	(340)	(357)
Release of deferred government grant	(3,742)	(3,685)
Gain on disposal of fixed assets	(25)	(1)
Interest payable and similar charges	1,961	1,731
Interest receivable and similar income	(12)	(7)
Net cashflow from operating activities	<u>5,250</u>	<u>4,438</u>

21. Movement in Net Debt

	2019 £000	Movements in cash flow £000	Loans Drawn £000	Loans Repaid £000	2020 £000
Cash and cash equivalents	1,671	504	-	-	2,175
Loans outstanding	<u>(61,392)</u>	<u>-</u>	<u>(4,000)</u>	<u>1,405</u>	<u>(63,987)</u>
	<u>(59,721)</u>	<u>504</u>	<u>(4,000)</u>	<u>1,405</u>	<u>(61,813)</u>

22. Key Management Personnel

The key management personnel are defined as the members of the Board, the executive officers and any other person reporting directly to the Chief Executive or the Board. No emoluments were paid to any members of the Board during the year.

	2020 £	2019 £
Emoluments (excluding pension contributions) of: Chief Executive	<u>69,565</u>	<u>83,131</u>

**Notes to the financial Statements
For the year ended 31 March 2020**

22. Key Management Personnel (cont'd)

The number of employees whose emoluments exceeded £60,000 during the year was as follows (including pension contributions): -

£60,001 - £70,000	3	3
£80,001 - £85,000	<u>-</u>	<u>1</u>
	2020	2019
	£	£
Pension Contributions payable for the above:-	<u>24,518</u>	<u>34,214</u>

The association had two chief executives during the year. Lynne Donnelly was in post until 30 June 2019 with Brian Gannon taking up the post on 2 September 2019. The total emoluments paid to key management personnel, including those holding post of chief executive, during the year were:

	2020	2019
	£	£
Emoluments (excluding pension contributions)	<u>268,290</u>	<u>279,048</u>
Total expenses reimbursed in so far as not chargeable to UK Income Tax	<u>-</u>	<u>402</u>

The Chief Executive is an ordinary member of the Association's pension scheme as described in note 27. The Association's contribution for the chief executive in the year amounted to £8,586 (2019: £10,304).

23. Employee Information

	2020	2019
The average total number of persons employed during the year was	<u>78</u>	<u>83</u>
	2020	2019
The average monthly number of full time equivalent persons employed during the year was	<u>72</u>	<u>74</u>
	2020	2019
	£000	£000
Staff costs (including directors emoluments):	2,548	2,629
Social security costs	260	254
Pension Costs	<u>461</u>	<u>441</u>
	<u>3,269</u>	<u>3,324</u>

**Notes to the financial Statements
For the year ended 31 March 2020**

24. Operating Surplus

	2020	2019
	£000	£000
Operating surplus is stated after charging/(crediting):		
Depreciation	6,251	6,187
Amortised capital grants	(3,742)	(3,685)
Operating lease payments	5	5
Repairs: cyclical, major, day to day	3,562	3,247
Auditors remuneration		
- in their capacity as auditors	16	16
- in respect of other services	<u>-</u>	<u>-</u>

25. Taxation

The Association is a registered charity and is exempt from corporation tax on its charitable activities. No corporation tax was due on its non-charitable activities.

26. Capital Commitments

	2020	2019
	£000	restated £000
Capital expenditure which has been contracted for but has not been provided for in the financial statements	15,959	21,833
Capital expenditure which has been authorised by the Board of Management but is not contracted	37,144	26,988
	<u>53,103</u>	<u>48,821</u>

The above commitments will be financed by a mixture of public grant and the Association's own resources.

	2020	2019
	£000	restated £000
Funding from the Scottish Government	22,191	21,048
Private Finance	<u>30,912</u>	<u>27,773</u>
	<u>53,103</u>	<u>48,821</u>

**Notes to the financial Statements
For the year ended 31 March 2020**

27. Pensions

West of Scotland Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 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 last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

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.

In 2019 the Pensions Trust, the administrator of the Scheme developed a method of determining the share of assets and liabilities for individual employers. This method was adopted by the Association in 2019 and resulted in an adjustment to the opening pension liability recognised in the statement of financial position of 3.175m.

The following figures were prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for retirement benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Key assumptions	2020	2019
	%pa	%pa
Discount rate	2.38	2.31
Inflation (RPI)	2.62	3.29
Inflation (CPI)	1.62	2.29
Salary Growth	2.62	3.29

Allowance for commutation of pension for cash at retirement is 75% (2019: 75%) of the maximum allowance.

The defined benefit obligation is estimated to comprise of the following:

	2020	2019
	No.	No.
Employee members	39	45
Deferred members	39	34
Pensioners	<u>39</u>	<u>35</u>
	<u>117</u>	<u>114</u>

Notes to the financial Statements

For the year ended 31 March 2020

27. Pensions (cont'd)

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.5	23.2
Future Pensioners	22.8	24.5

Fair value of scheme assets by category	2020 £000	2019 £000
Growth Assets	10,567	9,226
Matching Plus	3,765	2,160
Liability Driven Investment	5,523	7,037
Net Current Assets	152	19
Total assets	<u>20,007</u>	<u>18,442</u>

None of the above assets includes any direct involvement in the Association's assets.

Net Liability	2020 £000s	2019 £000s
Fair value of plan assets	20,007	18,442
Present value of defined benefit obligation	<u>20,191</u>	<u>22,213</u>
Defined benefit liability recognised in Statement of Financial Position	<u>(184)</u>	<u>(3,771)</u>

Reconciliation of the opening and closing balances of the fair value of plan assets	2020 £000s	2019 £000s
Fair value of assets at start of the year	18,442	16,909
Interest income	430	442
Experience on plan assets (excl amounts included in interest income)	889	595
Contributions by the employer	727	724
Contributions by plan participants	176	189
Benefits paid and expenses	<u>(657)</u>	<u>(417)</u>
Fair value of plan assets at the end of the year	<u>20,007</u>	<u>18,442</u>

**Notes to the financial Statements
For the year ended 31 March 2020**

27. Pensions (cont'd)

Reconciliation of the opening and closing balances of the defined benefit obligation	2020 £000s	2019 £000s
Defined benefit obligation at the start of the year	22,213	20,084
Current service cost	370	350
Expenses	16	16
Interest expense	513	519
Contributions by plan participants	176	189
Actuarial gains due to scheme experience	177	(45)
Actuarial (gains) / losses due to changes in demographic assumptions	(128)	58
Actuarial (gains) / losses due to changes in financial assumptions	(2,489)	1,459
Benefits paid and expenses	<u>(657)</u>	<u>(417)</u>
Defined benefit obligation at the end of the year	<u>20,191</u>	<u>22,213</u>
Defined Benefit costs recognised in the Statement of Comprehensive Income	2020 £000s	2019 £000s
Current service cost	370	350
Expenses	16	16
Net interest expense	<u>83</u>	<u>77</u>
Defined benefit costs charged to SOCI	<u>469</u>	<u>443</u>
Defined Benefit costs recognised in the Statement of Other Comprehensive Income	2020 £000s	2020 £000s
Experience on plan assets (excl amounts included in net interest cost)	889	595
Experience gains and (losses) arising on the plan liabilities	(177)	45
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	128	(58)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	<u>2,489</u>	<u>(1,459)</u>
Total actuarial gains and losses recognised in OCI	<u>3329</u>	<u>(877)</u>

**Notes to the financial Statements
For the year ended 31 March 2020**

28. Property Stock

The number of units of accommodation owned by the Association was as follows;

	Units in Management		Units under Development	
	2020	2019	2020	2019
General Needs Housing	3,313	3,284	52	43
Shared Ownership Accommodation	40	41	-	-
Supported Housing Accommodation	<u>221</u>	<u>221</u>	<u>-</u>	<u>-</u>
Total Housing Stock	<u><u>3,574</u></u>	<u><u>3,546</u></u>	<u><u>52</u></u>	<u><u>43</u></u>
<u>Other Property</u>				
Commercial	7	7	-	-
Heritable - Association's Offices	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total Other Property	<u><u>8</u></u>	<u><u>8</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

29. Other Financial Commitments

Non-cancellable operating lease rentals are payable as follows	2020 £000	2019 £000
Within one year	5	5
Within two to five years	<u>0</u>	<u>5</u>
	<u><u>5</u></u>	<u><u>10</u></u>

30. Lessor

At the reporting end date, the Association had contracted with tenants for the following minimum lease payments £45,468 (2019: £32,000).

31. Related Party Transactions

The Association has one wholly owned subsidiary, Willowacre Trust, a charitable company limited by guarantee. Details of transactions with the Trust are included in Note 13.

The terms applicable to tenant members of the Association are the same terms applicable to all tenants.

Rental income and associated services charges of £33,706 (2019: £20,571) were received from members of the Board who were also tenants of the Association. The aggregate balance outstanding at 31 March 2020 was £nil (2019: £nil).

During the year expenses of £9,099 (2019: £11,307) were reimbursed to members of the Board of Management in respect of training, travelling and subsistence costs.