West of Scotland Housing Association Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2022

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 2022

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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

Members of the Board

Kelly Adams	Chair
Irene MacFarlane	Vice Chair
Elaine Davidson	
Ryan Docherty	resigned 19/05/21
Nick Farrell	
George Kpodo	
Christine Musasa	
John Muir	deceased 04/10/21
Paul McCandish	resigned 18/11/21
Derek McGowan	
Paul McNeil	
Clare Newton	resigned 23/04/21
Anne Reid	
John Shearer	resigned 28/04/21
Ruth Simpson	
Marc Sloan	appointed 23/09/21
Michael Szansky	appointed 23/09/21
Kenneth Fee	appointed 23/09/21
Ian Whiteman	appointed 23/09/21

Executive Officers

Brian Gannon	Chief Executive Officer
Jennifer Cairns	Director of Corporate Services
Robert Campbell	Director of Housing and Community Services
Andrew Kubski	Director of Development and Asset Management
Colin MacCallum	Director of Finance (retired 30/06/21)
Donna Paton	Director of Finance (appointed 07/06/21)

Registered Office
Camlachie House
40 Barrowfield Drive
Glasgow
G40 3QH

External Auditor
Chiene + Tait
126 West Regent Street
Glasgow
G2 2RQ

Internal Auditor
BDO LLP
70 York Street
Glasgow
G2 8JX

Banker
Barclays Bank PLC
1st Floor
Auror 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 2022.

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 are shown below:

- Deliver outstanding service to all our customers
- Maintain and improve our homes and communities and develop new homes to meet local needs
- Be the best we can for our customers, staff and volunteers
- Work with others to improve tenant's lives and deliver sustainable communities
- Be well managed and financially strong.

We will continue to work with partner organisations and draw on our 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

West of Scotland HA, like most organisations continued to face challenges during 2021/22 resulting from the ongoing Covid Pandemic. Some services have remained affected by material and labour shortages and this has impacted on our ability to drive forward component replacement programmes, in particular our kitchen and bathroom contracts. Unfortunately, this has been further impacted by organisations going out of business due to the economic downturn, which has left the pool of available contractors somewhat reduced. Despite this, we continue to deliver services and improvements to our customers and have come out of the pandemic a better, more resilient organisation.

We were pleased to be able to deliver all our Key Business Objectives in our Corporate Business Plan 2021-2026 as noted below:

Report of the Board of Management (cont'd)

Overview (cont'd)

Key Business Objectives:

- Agree investment priorities in existing and new homes
- Review priorities for Community & Support Services
- Review and develop our customer care and engagement approach
- Develop our business, people and culture in line with the review of our strategic aims and values
- Continue our digital transformation
- Become more efficient/reduce Costs
- Deliver our Green Strategy
- Prepare for management of Mid Market Rent (MMR)
- Develop a comprehensive plan for growth & consolidation

Our customers continue to be our focus and are at the heart of everything we do. During the year we effectively engaged with our customers in terms of our business planning priorities, operational policies and review of our service charges as well as our annual rent increase.

We remain committed to working 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.

In June 2021 our Board approved our first Environmental, Social & Governance Statement which sets out the environmental, social and governance commitments that the WSHA group makes to ensure that we deliver sustainable communities and offers necessary assurance for investors helping to deliver our objectives. The statement can be located on our website.

During the year, we set up a number of new Short Life Working Groups (SLWG) to continue to develop and improve our business. They include SLWGs on:

- Data Management
- Green Strategy
- Mid-Market Rent
- Rent & Service Charges Review

In respect of the latter, we reviewed our service charges setting mechanism to reduce the complexity of the process. This has resulted in a reduction in service charge headings from 34 lines down to 12. Consideration was also made to affordability for tenants and to ensure a fairer and more transparent approach for tenants. In addition, our Board approved a lower than inflation rent increase in line with our business priority to keep rent increases as low as possible.

During the year we were delighted to be selected as preferred partner for a transfer of engagements with Charing Cross Housing Association (CXHA). Since then, we have been actively working with staff and tenants at CXHA in the lead up to a ballot, where ballot results confirmed a Yes vote from CXHA tenants in favour of our Transfer Proposals. This transfer was completed successfully on 1st August 2022.

We have continued to support staff as we've moved out of the Covid restrictions into a more hybrid way of working with staff now enjoying a mixture of home and office working.

Report of the Board of Management (cont'd)

Overview (cont'd)

At Director level we saw a change in our Corporate Management Team (CMT). Colin MacCallum our Director of Finance retired and was replaced by Donna Paton, from Poppy Scotland.

In 2021/22, our Board assessed compliance with all Regulatory Requirements in preparation for our annual Assurance Statement that was submitted to the SHR in October 2021. The Board signed off on this 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. At the end of 2021/22, the SHR published our annual Engagement Plan which confirmed we are Compliant with the Regulatory Framework. It also noted that we are considered a "Systemically Important" RSL on account of our size, turnover and level of borrowings.

Development remains a key component of our growth aspirations and relies on the on-going support of our partners in Scottish Government, local authorities and Glasgow City Council.

The impact of Covid & Brexit continues to delay our new build programme with contractors experiencing challenges with labour and material shortages. In 2021/22, we took handover of the remaining 37 units at Fielden Street and 61 units at Doonfoot, Ayr. Both projects at Springfield Cross and Dalmarnock Station have experienced around 6-month delays with completions now expected in September 2022 and March 2023 respectively with Dalmarnock Station having phased handovers from January 2023.

Elsewhere within our programme construction work started in 2021/22 on a 12-unit development in Hamilton and 31 units at Greenan Phase 3, both are expected to complete in December 2022/January 2023. Site start was also achieved in April 2022 to deliver our largest Passivhaus development at Dundashill, Glasgow consisting of 90 units for Mid Market Rent (MMR) and we secured grant to deliver an additional 3 units at St Andrews Church.

We are at an advanced stage of agreeing a purchase price for 6-units at Greenan Phase 4 which are expected to complete spring/summer 2023 and in June 2022 acquired land at Dalsholm Road, Kelvindale that will deliver around 84 MMR flats and 27 Social Rented houses in partnership with Maryhill Housing Association. WSHA will take ownership of around 64 of the MMR flats and works are planned to start in Summer 2023.

Financial Review

In the year to 31 March 2022, total revenue increased to £21.3m (2021: £20.4m). Of this, rents and service charges contributed £16.8m (2021: £15.9m). The revenue for the year also reflects the release to income of £3.9m (2021: £3.8m) of Housing Association Grant received in prior years to assist with the acquisition and construction of housing stock.

Operating costs on housing activities increased to £15.9m (2021: £15.1m) which was an increase of £0.8m on the comparative period. Of this, £0.5m is due to an increase in depreciation of housing properties as a result of our ongoing development programme and increased investment in component replacements, coupled with additional depreciation resulting from our investment in IT infrastructure. We also saw increases in management and maintenance administration and service costs.

In total, the Association spent £4.9m (2021: £3.8m) maintaining and improving its housing stock. Of the £4.9m, £3.1m (2021: £3.2m) was spent on reactive and planned maintenance activities to maintain the fabric of our buildings with £1.8m (2021: £0.6m) spent on new components to replace existing components (bathrooms, boilers, kitchens, and windows) which had come to the end of their useful lives.

The interest paid on the Association's loans rose to £1.6m (2021: £1.4m). This reflects additional borrowing during the year to fund the development programme.

Report of the Board of Management (cont'd)

Financial Review (cont'd)

The overall out-turn for the year has resulted in a surplus for the year of £2.8m (2021: £2.9m).

The Association accounts for the Scottish Housing Associations' Defined Pension Scheme as a Defined Benefit scheme. In 2021/22, the Association's share of the deficit in the pension scheme at 31 March 2022 fell by £2.342m, resulting in a small asset of £13k. This asset is not recognised in the accounts. An non-cash related adjustment of (£1.756m) to reflect the movement in the liability has been recognised in the Statement of Comprehensive Income on page 17 of the financial statements. Further detail is contained in Note 28.

The Statement of Financial Position reflects the results of the year, including the effect of the change in the pension scheme liability, with reserves rising to £20.9m from £16.4m.

There has been a decreased movement of £0.4m in net current liabilities predominantly relating to a £1.67m HAG debtor from 2021/22 which was paid in 2022/23, offset by an increase in accruals and deferred income of £0.35m, retention of £0.47m as well as trade and other creditors of £0.31m . At the year-end cash and cash equivalents had risen marginally to £1.7m from £1.6m reflecting our policy to maintain a minimum level of cash holdings. The Association also has access to considerable undrawn borrowing facilities which will be used to fund our continuing development programme.

As we continue to face the challenges brought by Covid-19 we are acutely aware of the adverse impact the pandemic has had on our tenants and communities and have maintained support and relief to those in need where possible. In addition, we now find ourselves in a period of great uncertainty with further risks and economic uncertainty brought by the war in Ukraine, and the ongoing cost of living crisis. As part of our Going Concern review, we have considered the impact of these challenges on the finances of the Association and our ability to continue to deliver services to our communities.

Future Prospects

Our Key Business Objectives for the forthcoming financial year (2022/23) 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 and help to ensure all our stakeholders understand what our priorities are for the year ahead:

- Begin to deliver our business case commitments post transfer of CXHA to WSHA
- Work collaboratively with our reactive repairs contractor to improve service delivery for customers
- Develop our investment strategy for existing homes to meet EESSH2
- Implement new Willowacre Trust business plan objectives
- Preparing for management of mid-market rent properties
- Review and deliver our Green Strategy
- Review Digital/IT Strategy
- Review partnership approach to homelessness & tenancy sustainment/support
- Implement new regulatory requirements and low carbon technologies for new build housing
- Review our factoring services

Our new Corporate Business Plan 2022-2027, which was approved by our Board, reflects our chosen strategic direction.

Our Strategic Options are noted below:
- Option 1: Continued new build development beyond our current projects
- Option 2: Respond to future growth opportunities through acquisition (e.g. RSL where we can create combined efficiencies to the benefit of all of our tenants) .
- Option 3: Pro-active disposal of existing stock in accordance with our consolidation strategy and acquisition to address mixed tenure barriers to investment.
- Option 4: Growth through new business/service development opportunities

Report of the Board of Management (cont'd)

Future Prospects (cont'd)

We have implemented Option 2 in respect of our success in being appointed as preferred bidder for the Transfer of Engagement of Charing Cross HA. This is one of our Key Business Objectives for 2022/23.

Green Strategy

In 2022/23 we will continue to prioritise our ambitions around our response to the climate emergency through a key business objective of delivering the actions set out in our Green Strategy Action Plan. We plan to review our Green Strategy in 2022 as a result of our Carbon Footprint & Action Plan Report produced by Carbon Change and this will set out our first carbon reduction targets.

Asset Management

A strategic approach to asset management remains fundamental to our future viability. It is important we continue to shape our assets to meet improving energy efficiency standards, the decarbonisation agenda and provide safe housing that people call home. We aim to have a good understanding of the long-term value that individual properties and different groups and types of stock bring to our business. Informed strategic asset management decisions will help ensure that our resources are used effectively and should reduce the risk of longer-term inefficiencies occurring.

Our 30-year investment plan, amounts to around £223m. Our investment plan includes planned maintenance works, and separate budgets for cyclical maintenance, reactive repairs, and void repairs.

Community Development & Stakeholder Involvement

As a social landlord we understand the importance of providing our tenants and communities with access to support which assists them to sustain their tenancy, improves their wellbeing and regenerates their communities. For five decades, we have worked in partnership with our charitable subsidiary Willowacre Trust to deliver tenancy sustainment services and provided enhanced opportunities to our tenants and communities.

Willowacre Trust is a fundamental part of our history and the Trust acts as a conduit to deliver specialist support and wider community services. It is important that WSHA and Willowacre Trust engages with, and listens to, the communities which we operate in. Our aim is to ensure full participation and engagement from our communities when implementing any services or projects resulting from our Willowacre Trust Business Plan, which will be reviewed by summer 2022.

Main risks and uncertainties

The Association has a "Cautious but Open" appetite to risk. It is willing to consider all potential options and will select the one most likely to result in success. The risk exposure must provide an acceptable level of reward and value for money. In managing risk, we will ensure a high level of assurance is in place, it will not compromise the safety of our tenants, nor the reputation, legal or financial position of the Association.

We have a robust approach to demonstrating our commitment to strong financial management and effective governance arrangements and we continue to seek to minimise risk in these areas. We have in place arrangements to allow us to meet and ensure we continue to comply with the Regulatory requirements, and we remain flexible and adaptable in meeting changes to government regulations.

We continue to face the challenges brought by Covid such as high inflation and shortages in labour and materials and find ourselves in a period of great uncertainty. Further risks and economic uncertainty brought by the war in Ukraine also play a part in the Association having an understanding of what impact

Report of the Board of Management (cont'd)

Main risks and uncertainties (cont'd)

this may have in terms of increased energy costs and predictions of unprecedented inflation. All these factors have played a part in compiling robust budgets and forecasts for subsequent years to enable the Association to weather the economic storms as best we can.

We have risk assessed our Business Priorities for 2022/23 and significant new causes which have been added to the risk register are:

- Cost of Living Crisis – the cost-of-living crisis will impact our customers significantly and therefore we need to put measures in place to mitigate the impact of this e.g., support, minimise rent increases etc.
- Impact of Brexit – we are currently experiencing the impact of Brexit in terms of our contractors – issues re labour shortage and shortage/delay in materials etc.
- Impact of Covid – while we appear to be moving out of the pandemic, there is a long-lasting impact in terms of the financial position of some of our contractors, suppliers and partners, the morale and satisfaction of both staff and tenants (reflective of society in general), the impact on our tenants financially and mentally and continued health issues which impact on staff absence and tenant health.
- Political Instability in Eastern Europe leading to wider social and economic upheaval which could impact negatively on our operations and ability to achieve our key business objectives.
- Transfer of Charing Cross Housing Association – this is a positive key business objective for us but we need to consider the impact of this in respect of our risks and ensure we have controls in place to mitigate any negative impact.

These issues have been assessed to determine what the potential impact is in relation to risks, and appropriate controls put in place to mitigate the likelihood/impact of a risk occurring.

Employee Development, Health and Safety and Equalities

We have continued to focus on staff wellbeing and health & safety during the pandemic this year in particular managing the safe transition back to office working and opening the office again to our customers. In September 2021, we put in place a hybrid working pilot which is working well and has significantly improved staff work life balance. This pilot will continue to run until the beginning of November 22 to allow us to assess how we are delivering our customer care within a hybrid model to ensure that there is no negative impact on service delivery.

Over the course of the year, we continued to deliver training using on-line delivery mechanisms in conjunction with our existing e-learning programme. As part of our Business Planning process we have reviewed our workforce development requirements in relation to delivery of our Corporate Business Plan next year and have planned our new training programme accordingly.

Two key business objectives for 2021/22 related to review and development of new values and also a review of our customer care approach. Following delivery of these key business objectives, we have developed a new values framework and this forms the basis of our customer care approach and charter. The focus of the remainder of this year which will continue into next year, is embedding these values in respect of our HR processes to ensure that our employee conduct and approach to service delivery is reflective of our new values.

Report of the Board of Management (cont'd)

Employee Development, Health and Safety and Equalities (cont'd)

We continue to implement our Healthy Working Lives Programme and implementing our Employee Health and Wellbeing Strategy which is based on the Investors in People Wellbeing framework.

In terms of equalities, the focus this year had been around staff. We have worked in partnership with Age Scotland in relation to Age Inclusion and from this have recruited more younger people, established apprenticeship programmes and are in the process of developing a Carer's Policy and Retirement Programme. We also focused on recruiting a more diverse workforce in particular; younger people and people from ethnic minority backgrounds and this has been successful so far.

Community and Support Services

Since COVID restrictions started to lift, we have been focusing our efforts to mitigate against the difficulties that our tenants are facing. The impact of the COVID pandemic, financial and energy crisis has disproportionately affected people living in social housing. Our efforts have been focused on providing access to the right support to enable tenants to sustain their tenancy and improve financial wellbeing, as well as their social, physical and mental wellbeing.

We have continued to work in partnership with our charitable subsidiary Willowacre Trust to deliver Covid-19 response as well as COVID recovery services to our tenants. The services were delivered with enhanced health and safety protocols in place to ensure the safety of our staff and tenants, and as a result we have been able to deliver a wide range of services directly to our tenants across multiple communities.

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.

Report of the Board of Management (cont'd)

Members of the Board

Kelly Adams – Chair – 1
Irene McFarlane – Vice Chair -2
Elaine Davidson – 1, 2
Ryan Docherty - resigned 19/05/21
Nick Farrell – 3
George Kpodo – 1
Christine Musasa
John Muir – deceased 4/10/21
Paul McCandlish – resigned 18/11/21
Derek McGowan - 1
Paul McNeil – 3
Clare Newton – resigned 23/04/21
Anne Reid – 3
John Shearer – resigned 28/04/21
Ruth Simpson – 2, 3
Marc Sloan – 1 - appointed 23/09/21
Michael Sozansky - 3 – appointed 23/09/21
Kenneth Fee – 2 - appointed 23/09/21
Ian Whiteman – appointed 23/09/21

Sub Committees:
1. Audit Committee
2. Staffing Sub Committee
3. Development & Investment

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 2022 were as follows:

Brian Gannon	Chief Executive Officer
Jennifer Cairns	Director of Corporate Services
Robert Campbell	Director of Housing and Community Services
Andrew Kubski	Director of Development and Asset Management
Colin MacCallum	Director of Finance (retired 30/06/21)
Donna Paton	Director of Finance (appointed 07/06/21)

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

[redacted]

Company Secretary: Jennifer Cairns
Date: 06 September 2022

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 2022. 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

[redacted]

Company Secretary Jennifer Cairns

Date: 06 September 2022

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 systematically 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 for systematically important RSLs 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.

Chiene + Tait

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

14 September 2022

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 2022 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 2022 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 12, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates and considered the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Housing SORP 2018, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010.

We focused on laws and regulations that could give rise to a material misstatement in the Association's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

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.

Chiene + Tait

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

14 September 2022

Statement of Comprehensive Income
For the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Turnover	**3**	21,323	20,419
Operating Expenditure		(16,996)	(16,132)
Operating Surplus	**3**	4,327	4,287
Interest Receivable and similar income	**7**	2	2
Interest Payable and similar charges	**8**	(1,553)	(1,384)
Surplus for the year		**2,776**	**2,905**
Other comprehensive income			
Actuarial gain/(loss) on defined benefit pension scheme		1,756	(2,739)
Total Comprehensive Income for the year		**4,532**	**166**

The results for the year relate wholly to continuing activities.

The notes on pages 21 to 45 form part of these financial statements.

Statement of Financial Position
As At 31 March 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Intangible Assets	9	264	226
Tangible assets - housing properties	10	240,489	227,272
Tangible assets - other	11	2,188	2,279
Investment Properties	12	225	225
		243,166	230,002
Current Assets			
Stock		-	1
Receivables	14	2,717	1,238
Cash and Cash Equivalents		1,678	1,600
		4,395	2,840
Less: Payables due within one year	15	(5,934)	(4,781)
Net Current Liabilities		(1,539)	(1,941)
Total Assets less Current Liabilities		241,627	228,061
Payables : amounts falling due after more than one year	16	(68,415)	(61,976)
Provisions for Liabilities and Charges	17	(140)	(119)
Provision for Defined Benefit Obligation	28	-	(2,329)
Deferred Capital Grants	18	(152,137)	(147,234)
Net assets		20,935	16,403
Reserves			
Share capital	19	-	-
Revenue Reserves	20	20,935	16,403
		20,935	16,403

The notes on pages 21 to 45 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 24 August 2022 and signed by:

Board Member – Kelly Adams: [redacted]

Board Member – Dereck McGowan: [redacted]

Company Secretary – Jennifer Cairns: [redacted]

Statement of changes in reserves
For the year ended 31 March 2022

	Unrestricted reserve £000
Current year	
Balance at 1 April 2021	16,403
Surplus from statement of total other comprehensive income	4,532
Balance at 31 March 2022	20,935

	Unrestricted reserve £000
Prior year	
Balance at 1 April 2020	16,237
Surplus from statement of other comprehensive income	166
Balance at 31 March 2021	16,403

The notes on pages 21 to 45 form part of these financial statements.

Statement of Cash Flows
For the year ended 31 March 2022

	Note	2022 £000	2021 £000
Net Cash Inflow from Operating Activities	**21**	**6,501**	**4,976**
Investing Activites			
Purchase of tangible fixed assets		(20,380)	(12,717)
Purchase of intangible fixed assets		(136)	(63)
Proceeds from sale of tangible fixed assets		492	534
Grants received		9,001	8,918
Grants Repaid		(24)	(451)
Net cashflow from investing activities		**(11,047)**	**(3,780)**
Financing activities			
Interest paid		(1,355)	(1,351)
Interest received		2	2
New secured loans advanced		7,800	11,500
Repayments of borrowings		(1,823)	(11,921)
Net cashflow from financing activities		**4,624**	**(1,771)**
Increase/(Decrease) in cash		**78**	**(575)**
Opening cash & cash equivalents		**1,600**	**2,175**
Closing cash & cash equivalents		**1,678**	**1,600**
Cash and cash equivalents at 31 March 2022		**1,678**	**1,600**

The notes on pages 21 to 45 form part of these financial statements.

Notes to the financial Statements
For the year ended 31 March 2022

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. Whilst the financial projections highlight a net current liability position over the period, this is driven by the Association's policy of maintaining minimum cash reserves and the desire for the repayment of borrowings at the earliest opportunity. This is monitored effectively with robust cashflow and treasury management controls. 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.

(c) Turnover

Revenue comprises rental and service charge income receivable in the period, 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 with the accrual model. The accrual model results in the grant being recognised over the expected useful life of the housing property structures.

Notes to the financial Statements
For the year ended 31 March 2022

1. Accounting policies (cont'd)

(e) Intangible assets

All intangible assets shall be considered to have a finite useful life of five 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 2022

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. Expenditure is capitalised if the asset purchased has a useful life of more than one year and costs £1000 (including VAT) or more.

(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 2022

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.

<u>Financial assets</u>

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.

<u>Financial liabilities</u>

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.

<u>Derecognition of financial assets and liabilities</u>

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

Notes to the financial Statements
For the year ended 31 March 2022

1. Accounting policies (cont'd)

Derecognition of financial assets and liabilities (cont'd)

significant risks and rewards of ownership are retained but control of the asset has transferred to 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 28)

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.

On the 30 April 2021, the Association transferred all employees who were members of the Defined benefit plan to the Defined contribution plan. Accordingly, the Association will no longer accrue pension liabilities for future service under the Defined benefit plan but will retain a liability for past service received for those employees who were members of the Defined benefit plan up to the date of transfer on 30 April 2021.

(t) Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided under the Co-operative and Community Benefit Societies Act 2014. 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.

Notes to the financial Statements
For the year ended 31 March 2022

1. Accounting policies (cont'd)

(v) Taxation

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

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. 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 28). The net defined benefit pension asset at 31 March 2022 was £13,000 (2021: £2,329,000). This is an unrecognised asset in the accounts.

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.

Notes to the financial Statements
For the year ended 31 March 2022

3. Particulars of Turnover, Operating Costs and Operating Surplus

		2022				2021			
		Turnover	Operating Costs	Disposal of Assets	Operating Surplus	Turnover	Operating Costs	Disposal of Assets	Operating Surplus
Income and Expenditure From Lettings		£000	£000	£000	£000	£000	£000	£000	£000
Social Lettings	(Note 4)	20,700	(15,896)	-	4,804	19,700	(15,128)	-	4,572
Other Activities	(Note 5)	623	(1,105)	-	(482)	719	(1,194)	-	(475)
Disposal of assets	(Note 6)	-	-	5	5	-	-	190	190
		21,323	(17,001)	5	4,327	20,419	(16,322)	190	4,287

Notes to the financial Statements
For the year ended 31 March 2022

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

	General Needs Housing £000	Supported Housing Accomodation £000	Shared Ownership Accomodation £000	2022 Total £000	2021 Total £000
Income from rent and service charges					
Rent receivable net of service charges	15,142	915	76	16,133	15,483
Service charges	568	280	5	853	648
Gross income from rents and service charges	15,710	1,195	81	16,986	16,131
Less voids	(152)	(21)	-	(173)	(186)
Net income from rents and service charges	15,558	1,174	81	16,813	15,945
Grants from Scottish Ministers	-	-	-	-	-
Release of Deferred Income Grant	3,906	-	(19)	3,887	3,755
Other Revenue Grants	-	-	-	-	-
Total turnover from affordable letting activities	19,464	1,174	62	20,700	19,700
Expenditure					
Management and maintenance administration costs	4,848	313	52	5,214	5,014
Service costs	555	324	5	884	618
Planned cyclical maintenance including major repairs	948	60	-	1,008	1,190
Reactive maintenance costs	1,944	124	-	2,068	1,966
Bad Debts - rents and service charges	26	2	-	27	99
Depreciation of social housing	6,402	292	-	6,694	6,241
Operating costs for affordable lettings activities	14,724	1,115	58	15,896	15,128
Operating surplus on affordable lettings activities	4,741	60	4	4,804	4,572
2021	4,551	32	(11)		

Notes to the financial Statements
For the year ended 31 March 2022

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 2022	Operating surplus/deficit 2021
	£000	£000	£000	£000	£000	£000	£000
Stage 3 adaptations	193	-	-	193	(192)	1	19
Factoring	-	-	127	127	(159)	(32)	(99)
Development and construction of property activities	-	-	-	-	(361)	(361)	(253)
Other Activities	-	134	169	303	(393)	(90)	(142)
Total for other activities	193	134	297	623	(1,105)	(482)	(475)
2021	171	308	240	719	(1,194)	(474)	

Notes to the financial Statements
For the year ended 31 March 2022

6. Surplus on Sale of Housing Assets

	2022 £000	2021 £000
Sales Proceeds	233	534
Cost of Sales	(228)	(344)
Gain on Sale of Housing Stock	5	190

The cost of sales includes a Housing Association Grant adjustment.

7. Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable on deposits	2	2

8. Interest payable and similar charges

	2022 £000	2021 £000
Interest on loans	1,538	1,351
Effective interest rate adjustment	-	53
Interest on pension liability	44	(2)
	1,581	1,402
Less: Development interest capitalised	(29)	(18)
	1,553	1,384

Interest capitalised was incurred at varying rates of interest.

9. Intangible assets

	2022 £000	2021 £000
Cost		
At start of year	356	293
Additions during year	137	63
At end of year	492	356
Less amortisation	(228)	(130)
Net book value	264	226

Notes to the financial Statements
For the year ended 31 March 2022

9. Intangible assets (cont'd)

The £264,000 (2021: £226,000) 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 and amortised over 5 years on a straight-line basis. The housing management system was substantially completed in 2019/20 and the new financial system implemented in 21/22.

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 1 April 2021	285,962	24,669	2,494	313,125
Additions during year	1,816	18,536	-	20,352
Transfers in year	16,641	(16,641)	-	-
Disposals	(968)	-	(508)	(1,476)
At 31 March 2022	303,451	26,564	1,986	332,001
Depreciation				
At 1 April 2021	84,844	-	1,010	85,854
Provided in the year	6,650	-	44	6,694
Eliminated on Disposal	(841)	-	(195)	(1,036)
At 31 March 2022	90,653	-	859	91,512
Net Book Value at 31 March 2022	**212,798**	**26,564**	**1,127**	**240,489**
Net Book Value at 31 March 2021	**201,118**	**24,669**	**1,485**	**227,272**

Additions to housing properties include capitalised development administration costs of £143,633 (2021: £137,769) and capitalised interest of £28,637 (2021: £18,412). The average interest capitalisation rate was 1.93% (2021: 1.40%).

The total expenditure on existing properties during the year was £2,191,897 (2021: £1,127,877). Of this, £1,815,965 (2021: £607,523) was attributable to component replacements which have been capitalised and £nil on other structural improvements (2021: £nil). The remaining £375,932 (2021: £520,354) was charged to the statement of comprehensive income as a revenue expense.

Components with a cost of £758,501 (2021: £211,392), grant of £nil (2021: £nil) and accumulated depreciation of £662,514 (2021: £196,498) were written off during the year. The net book value of the components of £99,986 (2021: £24,894) is included in the depreciation charge for the year.

Notes to the financial Statements
For the year ended 31 March 2022

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

The carrying value of land included within housing properties is £21.5 million (2021: £20.5 million). All land and housing properties are freehold. Within housing properties held for letting are properties with a net book value of £124 million (2021: £124 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	Community Centre	Offices	Other Equipment	TOTAL
	£000	£000	£000	£000	£000
Cost					
At 1 April 2021	152	100	2,524	860	3,636
Additions in year	-	-	-	29	29
Transfers in year	-	-	-	-	-
Disposals in year	-	-	-	-	-
At 31 March 2022	152	100	2,524	889	3,665
Depreciation					
At 1 April 2021	-	40	548	769	1,356
Provided in the year	-	4	50	66	121
At 31 March 2022	-	44	598	835	1,477
Net Book Value					
At 31 March 2022	**152**	**56**	**1,926**	**54**	**2,188**
Net Book Value					
At 31 March 2021	**152**	**60**	**1,977**	**90**	**2,279**

Notes to the financial Statements
For the year ended 31 March 2022

12.Investment Property

	2022 £000	2021 £000
As at 31 March 2022	**225**	**225**

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 initial term of the lease was for five years. The lease was renewed in June 2020 for a further five year period with a three year break clause enabling either party to terminate the lease. 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 consider this valuation to be an accurate reflection of the value of the property as at 31 March 2022.

13. Subsidiary Undertakings

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 2022 were as follows:

	2022 £000	2021 £000
Capital and Reserves	470	492
(Deficit)/Surplus for the Year	(22)	50

During the year the Association provided management services to Willowacre Trust for which a charge of £13,652 (2021: £13,535) was raised of which £nil (2021: £nil) was outstanding at the year-end. An amount of £12,047 (2021: £(121)) 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 (2021: £1).

13. Subsidiary Undertakings (cont'd)

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 2022 £280,090 (2021: £327,413) was paid to the Trust.

On the 29th September 2020, the Association incorporated Westscot Living Limited (SC 675878). Westscot Living Limited will lease the Association's mid market rent properites and offer them for rent to tenants who meet the eligibility criteria. It is expected that the first of these properties will be available for let towards the end of 2023. At the 31 March 2022, Westsot Living Limited had not commenced trading.

14. Receivables amounts falling due within one year

	2022 £000	2021 £000
Rental Arrears	906	1,047
Less: provision for bad debts	(392)	(555)
	514	493
Amounts owed by Subsidiary undertaking (due within 1 year)	12	-
Development funding receivable	1,673	-
Other Debtors	337	560
Prepayments and Accrued Income	181	185
	2,717	1,238

15. Payables - amounts falling due within one year

	2022 £000	2021 £000
Bank loans (Note 16)	1,797	1,826
Trade Creditors	635	341
Contract Retentions	1,078	609
Other Creditors	209	187
Accruals and deferred income	1,572	1,219
Rent in advance	643	598
	5,934	4,780

Included in Other Creditors is £48,442 (2021: £46,641) in respect of pension contributions due to the Scottish Housing Associations Pension Schemes.

Notes to the financial Statements
For the year ended 31 March 2022

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

	2022 £000	2021 £000
Bank loans	67,943	61,741
Grant Repayable / Recyclable	471	236
	68,415	61,976

The bank loans are secured by specific charges on the Association's properties and are repayable at rates of interest ranging from 0.27% to 5.32% (2021: 0.31% to 5.32%).

The bank loans are repayable as follows:

	2022 £000	2021 £000
Between one and two years	1,808	1,836
Between two and five years	5,678	5,724
In five years or more	60,458	54,179
	67,943	61,741
Amounts included due within one year	1,797	1,826
	69,741	63,565

17. Provision for Liabilities and Charges

Furniture Replacement for Supported Accommodation	2022 £000	2021 £000
At start of year	119	98
Added during year	21	21
Released during Year	-	-
At 31 March 2022	140	119

Notes to the financial Statements
For the year ended 31 March 2022

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	127,634	19,499	101	147,234
Additions during year	-	9,001	-	9,001
Transfers in year	8,581	(8,581)	-	-
Eliminated on disposal	(91)	-	(120)	(211)
Amortised in year	(3,906)	-	19	(3,887)
At end of year	132,218	19,919	-	152,137

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

	2022 £000	2021 £000
Amounts due within one year	4,265	4,011
Amounts due in one year or more	147,873	143,223
	152,137	147,234

19. Share Capital

Shares of £1 each issued and fully paid	2022	2021
At beginning of year	134	169
Issued during the year	4	2
Shares forfeited in year	(26)	(37)
At end of year	112	134

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.

20. Reserves

Reserves include all current and prior year retained surpluses or deficits and are held to meet future requirements of the Association,.

Notes to the financial Statements
For the year ended 31 March 2022

21. Statement of Cash Flows

Reconciliation of surplus to net cash inflow from operating activities	2022 £000	2021 £000
Surplus	**2,776**	**2,905**
Actuarial (charge) /credit	1,756	(2,739)
Depreciation of tangible fixed assets	6,815	6,359
Amortisation of intangible asset	98	71
Shares Forfeited	-	-
Decrease in Stock	1	-
Decrease / (Increase) in trade and other debtors	(1,479)	(76)
Increase in trade and other creditors	1,184	(1,150)
Increase in Provisions	21	22
Increase / (Decrease) in provisions and employee benefits	(2,329)	2,147
Release of deferred government grant	(3,887)	(3,755)
Gain on disposal of fixed assets	(5)	(190)
Interest payable and similar charges	1,553	1,384
Interest receivable and similar income	(2)	(2)
Net cashflow from operating activities	**6,501**	**4,976**

22. Movement in Net Debt

	2021 £000	Movements in cash flow £000	Loans Drawn £000	Loans Repaid £000	2022 £000
Cash and cash equivalents	1,600	78	-	-	1,678
Loans outstanding	(63,566)	-	(7,800)	1,824	(69,542)
	(61,966)	78	(7,800)	1,824	(67,864)

Notes to the financial Statements
For the year ended 31 March 2022

23. 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.

	2022	2021
	£	£
Emoluments (excluding pension contributions) of:		
Chief Executive	85,845	83,625

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

	2022	2021
	Number	Number
£60,001 - £70,000	3	3
£80,001 - £85,000	1	1

	2022	2021
	£	£
Pension Contributions payable for the above:-	51,822	53,387

The total emoluments paid to key management personnel during the 2021/22 year were as shown in the 2022 column below:

	2022	2021
	£	£
Emoluments (excluding pension contributions)	371,895	354,349
Total expenses reimbursed in so far as not chargeable to UK Income Tax	-	41

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 £15,022 (2021: £16,641).

Notes to the financial Statements
For the year ended 31 March 2022

24. Employee Information

	2022	2021
The average total number of persons employed during the year was	78	77

	2022	2021
The average monthly number of full time equivalent persons employed during the year was	75	72

	2022 £000	2021 £000
Staff costs (including directors emoluments):	2,750	2,614
Social security costs	254	269
Pension Costs	348	364
	3,352	3,247

25. Operating Surplus

	2022 £000	2021 £000
Operating surplus is stated after charging/(crediting):		
Depreciation	6,815	6,360
Amortised capital grants	(3,887)	(3,755)
Operating lease payments	11	5
Repairs: cyclical, major, day to day	2,473	2,617
Auditors remuneration	17	17

26. 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.

Notes to the financial Statements
For the year ended 31 March 2022

27. Capital Commitments

	2022 £000	2021 £000
Capital expenditure which has been contracted for but has not been provided for in the financial statements	29,424	22,378
Capital expenditure which has been authorised by the Board of Management but is not contracted	13,941	18,822
	43,365	41,200

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

	2022 £000	2021 £000
Funding from the Scottish Government	13,255	12,402
Private Finance	30,110	28,798
	43,365	41,200

28. Pensions

The Association 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 triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last man standing arrangement'. Therefore the Association 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.

For financial years ending on or before 28 February 2019, it was not possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

Notes to the financial Statements
For the year ended 31 March 2022

28. Pensions (cont'd)

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

Principal Actuarial Assumptions

KEY ASSUMPTIONS

	31 March 2022	31 March 2021
	% per annum	% per annum
Discount Rate	2.79%	2.18%
Inflation (RPI)	3.54%	3.27%
Inflation (CPI)	3.17%	2.87%
Salary Growth	4.17%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Number 2022	Number 2021
Active Members	34	39
Deferred Members	38	38
Pensioners	44	42
Total	**116**	**119**

Notes to the financial Statements
For the year ended 31 March 2022

28. 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	21.6	23.9
Future Pensioners	22.9	25.4

Net Liability	**2022**	**2021**
	£000s	**£000s**
Fair Value of plan assets	22,959	22,297
Present value of defined benefit obligation	22,946	24,626
Defined benefit gain/(liability) recognised in Statement of Financial Position	13	(2,329)

Fair value of scheme assets by category	**2022**	**2021**
	£000s	**£000s**
Growth Assets	13,854	12,944
Matching Plus	3,550	3,817
Liability Driven Investment	5,481	5,370
Net Current Assets	74	166
Total assets	22,959	22,297

Reconciliation of the opening and closing balances of the fair value of plan assets	**2022 £000s**	**2021 £000s**
Fair value of assets at start of the year	22,297	20,007
Interest income	487	479
Experience on plan assets (excl amounts included in the interest income)	79	1,505
Contributions by the employer	669	881
Contributions by plan participants	27	179
Benefits paid and expenses	(600)	(754)
Fair value of plan assets at the end of the year	22,959	22,297

Notes to the financial Statements
For the year ended 31 March 2022

28. Pensions (cont'd)

Reconciliation of the opening and closing balances of the defined benefit obligation	**2022 £000s**	**2021 £000s**
Defined benefit obligation at the start of the year	24,626	20,191
Current service cost	32	270
Expenses	20	19
Interest Expense	531	477
Contributions by plan participants	27	179
Actuarial losses/(gains) due to scheme experience	245	(85)
Actuarial losses/(gains) due to changes in demographic assumptions	73	0
Actuarial (gains)/losses due to changes in financial assumptions	(2,008)	4,329
Benefits paid and expenses	(600)	(754)
Defined benefit obligation at the end of the year	22,946	24,626

Defined Benefit costs recognised in the Statement of Comprehensive Income	**2022 £000s**	**2021 £000s**
Current service cost	32	270
Expenses	20	19
Net interest expense	44	(2)
Defined benefit costs charged to SOCI	96	287

Defined Benefit costs recognised in the Statement of Other Comprehensive Income	**2022 £000s**	**2021 £000s**
Experience on plan assets (excl amounts included in the interest cost)	79	1,505
Experience gains and (losses) arising on the plan liabilities	(245)	85
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(73)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	2,008	(4,329)
Total actuarial gains and losses recognised in OCI (before restriction due to some of the surplus not being recognisable) gain (loss)	1,769	(2,739)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	(13)	-
Total actuarial gains and losses recognised in OCI	1,756	(2,739)

Reconciliation of the impact of the Asset Ceiling	**Period from 31st March 2021 to 31st March 2022 £000s**
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	13
Impact of asset ceiling at end of period	13

Notes to the financial Statements
For the year ended 31 March 2022

28. Pensions (cont'd)

In May 2021 the Scheme Trustee (TPT Retirement Solutions) notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has determined that it is prudent to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before late 2024 at the earliest.

On 4 May 2022 the Scheme Trustee issued an update to employers which included an estimate of the potential total additional liabilities at total scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact of this issue on an individual employer basis with any accuracy. As a result of this no allowance will be made for this within the accounting disclosures included in this note.

29. Property Stock

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

	Units in Management		Units under Development	
	2022	2021	2022	2021
General Needs Housing	3,421	3,326	283	248
Shared Ownership Accommodation	34	40	-	-
Supported Housing Accommodation	221	221	-	-
Total Housing Stock	3,676	3,587	283	248
Other Property				
Commercial	7	7	-	-
Heritable - Association's Offices	1	1	-	-
Total Other Property	8	8	-	-

30. Other Financial Commitments

Non-cancellable operating lease rentals are payable as follows:

	2022 £000	2021 £000
Within one year	10	-
Within two to five years	22	-
	32	-

31. Lessor

At the reporting end date, the Association had contracted with tenants for the following minimum lease payments £56,832 (2021: £45,468).

Notes to the financial Statements
For the year ended 31 March 2022

32. Related Party Transactions

The Association has one wholly owned subsidiary, Willowacre Trust, a charitable Association 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 £39,509 (2021: £33,706) were received from members of the Board who were also tenants of the Association. The aggregate balance outstanding at 31 March 2022 was £661 (2021: £nil).

During the year expenses of £nil (2021: £545) were reimbursed to members of the Board of Management in respect of training, travelling and subsistence costs.