

**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**Registered Housing Association No. HCB 205**

**Financial Conduct Authority No. 1931R(S)**

**Charity No SC 035633**

**Registration Particulars:**

Financial Conduct Authority

Co-operative and Community Benefits Societies Act 2014  
Registered Number 1931 R(S)

Scottish Housing Regulator

Housing (Scotland) Act 2010  
Registered Number HCB 205

Office of Scottish Charity Regulator

Charity and Trustee Investment Act (Scotland) 2005  
Scottish Charity Number SC 035633

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

### Members of Committee of Management

Chris Watson (Chairperson)  
Jan Carmichael (Vice Chairperson)  
Helen Brown (Resigned 07/10/2015)  
Kathy Clark  
Jim Higgins (Resigned 23/06/2015)  
Rae McCarthy (Co-opted 23/06/2015)

Sharon Flynn (Appointed 23/06/2015)  
Linda Mimmagh  
Claudia Ennemoser  
Elizabeth MacDonald  
Pat McCarthy (Appointed 23/06/2015)  
Linda Stevenson (Appointed 23/06/2015)

### Directors

Mr Ian Morrison  
Mrs Karen McQueen  
Mr Andrew Reid  
Mr Jim Calderwood  
Ms Fiona Birse  
Mr J Gordon

Chief Executive  
Deputy Chief Executive and Secretary  
Financial Services Manager  
Housing Manager  
Projects Manager (Resigned 10/07/2015)  
Projects Manager (Appointed 01/02/2016)

### Registered Office:

1 Northinch Court  
Glasgow  
G14 0UG

### Auditors:

Haines Watts  
1<sup>st</sup> Floor  
24 Blythswood Square  
Glasgow  
G2 4BG

### Principal Bankers:

Bank of Scotland PLC  
Uberior House, 1<sup>st</sup> Floor  
11 Earl Grey Street  
Edinburgh  
EH3 9BN

### Principal Solicitors:

TC Young  
7 West George Street  
Glasgow  
G2 1BA

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2016

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

### **Principal activity**

The principal activity of Whiteinch and Scotstoun Housing Association Limited (WSHA) is the provision of housing for let at rents affordable to the client groups for whom it intends to provide.

### **Our Strategic Aims**

Whiteinch and Scotstoun Housing Association Limited has as its Strategic Aims:

**Growth:** Due to the downturn in development funding and locally high land values, opportunities for future new build projects are limited. The Association will however explore the feasibility of different types of funding approaches, while remaining open to any possible opportunities within the area of operation.

**Diversification:** Whiteinch & Scotstoun Housing Association will continue to be involved in Wider Role (that is, non-housing projects and activities) as it has for some years now. This includes such activities, as regeneration projects including welfare advice; environmental developments and Whiteinch Community Association/ Neighbourhood Centre support.

**Consolidation:** the Association is keenly aware that it is operating in a culture of continuous improvement. Consequently, the Association continues in developing and extending its performance management systems. In addition, WSHA belongs to a Quality and Efficiency Forum, made up of a variety of Registered Social Landlords with the aim of sharing experiences and comparing performance with a view to assisting continuous improvement.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2016 (continued)

Our vision is one of 'Aiming for High Quality Homes in a Desirable Environment'. Some of the main objectives which we think can help achieve this aim include:

- demonstrating innovation in housing design, where possible influencing the practice of others and helping to raise standards generally
- continuing our programmes of proactive repairs and planned replacements, designed to ensure the longevity of our houses and the comfort and security of tenants
- achieving continuous improvement in all the services we deliver, and achieving and maintaining high standards of business efficiency and effectiveness
- creating opportunities for significant levels of user involvement in what we do
- being recognised by regulators and strategic partners as delivering excellent performance

We see these as challenging objectives, which will change the way we deliver our core services of housing, housing support, advice, and consultancy. In particular, we seek to challenge what we currently do and look to improve, rather than simply carry on with existing patterns of work.

### **Business review**

The Association made a surplus of £1,521,475 (2015 restated – £484,121) during the year.

The Association continued with its investment in planned and cyclical works throughout 2015-2016. The total expenditure on planned and cyclical works expensed in the year amounted to £578,625 (2015 – £543,849). The Association has not capitalised any of this expenditure.

Despite this expenditure WSHA is in a strong financial position with over £2.5m deposited as cash funds, and has revolving loan facilities available to it on demand. WSHA continues to have a substantial major repair investment programme over the next five years. We have also provided substantial funds over the next five years to meet our commitments under the Energy Efficiency Standard for Social Housing. Cash surpluses will continue to be made, subject to our planned major repair programme over the next few years.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2016 (continued)

### Members of Committee of Management

The Members of the Committee of Management of the Association during the year to 31 March 2016 were as follows:

Chris Watson (Chairperson)	Sharon Flynn (Appointed 23/06/2015)
Jan Carmichael (Vice Chairperson)	Linda Mimmagh
Helen Brown (Resigned 07/10/2015)	Claudia Ennemoser
Kathy Clark	Elizabeth MacDonald
Jim Higgins (Resigned 23/06/2015)	Pat McCarthy (Appointed 23/06/2015)
Rae McCarthy (Co-opted 23/06/2015)	Linda Stevenson

Each member of the Committee of Management holds one fully paid share of £1 in WSHA. The executive officers of WSHA hold no interest in WSHA's share capital and although not having the legal status of "director" they act as executives within the authority delegated by the Committee.

### Directors

The Directors of WSHA during the year to 31 March 2016 were as follows:

Mr Ian Morrison	Chief Executive
Mrs Karen McQueen	Deputy Chief Executive and Secretary
Mr Andrew Reid	Financial Services Manager
Mr Jim Calderwood	Housing Manager
Ms Fiona Birse	Projects Manager (Resigned 10/07/2015)
Mr J Gordon	Projects Manager (Appointed 01/02/2016)

### Operational Review

#### 1 Corporate Governance

WSHA has a Committee of Management who are elected by the members of the Association. (See below for details). It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction for the Association. They also monitor the operational activities of the Association. The members of the Committee of Management are unpaid.

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

Our governing body is our Committee of Management, which is responsible to the wider membership. Committee of Management members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously, and, in light of the Scottish Housing Regulator's revised approach, are currently reviewing all policies related to this.

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

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2016 (continued)

### 2 Corporate Issues

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

#### **Performance Management**

The Association is conscious that staff performance is the key to quality service delivery. In support of this, training needs are considered for all staff through the staff development system.

#### **Best use of resources**

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We are continuing with a programme of major investment in our housing stock, which is by far our most costly asset. This includes carrying out major planned maintenance programmes to ensure that our properties are maintained to a high standard and can meet the current standards. We are updating our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements. We continue with our programme of best value reviews, to look for efficiencies and economies in the way that we carry out business processes.

#### **Services**

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do. In our housing stock, we moved ahead with some major repairs that had become necessary, and introduced improved arrangements ensuring gas servicing is carried out on time.

Our rent arrears management improved, with clearer information to tenants. We continued to deliver many completed adaptations to existing properties, to meet the specific needs of our tenants.

### 3 Development Issues

The year just completed has not seen any new development activity. We have capitalised expenditure of £Nil (2015 - £Nil) during the year.

### 4 Housing Issues

Whiteinch continues to work on reducing the period of time taken to re-let or let new properties and to ensure that we maximize our effectiveness in housing people in need and reduce our costs. The rent loss due to empty properties was £40,327 (2015 - £59,240).

### 5 Finance and IT Issues

The Committee of Management approved a proposal for the Association to replace its data management system and entered into a contract with Capita for the provision of its Open Housing and Financial software the implementation of which was carried out during 2011-2012, with

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2016 (continued)

enhancements implemented during 2013-2014 and 2014-2015. The Association continues to invest in its ICT network during 2015-2016.

### 6 Component Accounting

WSHA adopted Component Accounting into its financial statements during 2011-2012 in compliance with the SORP 2010, and subsequently the SORP 2014 and FRS 102. Major Components (Note 1) of our buildings are identified and depreciated over specific economic life spans. Their replacement is then capitalised in the accounts as they occur.

### 7 Other Areas

#### Risk Management Policy

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

In addition, the Committee have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although this is not mandatory for the Association it should, as a public interest body, adopt these guidelines as best practice. Accordingly they have set policies on internal controls which cover the following:

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

### 8 Treasury Management

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



# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2016 (continued)

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2016, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

### 9 Maintenance policies

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

In addition, the Association has a long-term programme of planned maintenance to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. In line with the SORP 2014 and FRS 102, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other major repairs are charged to the Income and Expenditure account.

### 10 Internal Financial Control

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial control are outlined on pages 10 and 11.

### 11 Management Structure

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

### 12 Quality and Integrity of Personnel

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

### 13 Budgetary Process

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

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2016 (continued)

### 14 Investment Appraisal

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Committee. Reviews are carried out during the development period, to monitor expenditure and performance.

### 15 Rental Income

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

### 16 Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

### 17 Disabled Employees

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

### 18 Credit Payment Policy

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

### 19 Sales of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

### 20 Future developments

The Association intends to continue with its policy of improving the quality of housing within its area of operation.

**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

**REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2016 (continued)**

**Information for the auditors**

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

**Auditors**

Haines Watts have indicated their willingness to continue in office.

Date: *21st June 2016*

On behalf of the Committee of Management



Karen McQueen  
Secretary

The Whiteinch Centre  
1 Northinch Court  
Glasgow  
G14 0UG

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMMITTEE RESPONSIBILITIES

The Committee of Management is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under the legislation relating to Industrial and Provident Societies the Committee of Management are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the comprehensive income of the Association of that period. In preparing those financial statements the Committee of Management are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the RSL SORP;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee of Management is also responsible for:

- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the RSL and enable them to ensure that the financial statements comply with the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014;
- safeguarding the Association's assets; and
- taking reasonable steps for the prevention and detection of fraud.

By order of the Committee of Management



Christopher Watson

Date: *21st June 2016*  
.....

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## COMMITTEE OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROLS

31 MARCH 2016

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

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

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

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


**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

**COMMITTEE OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROLS**

**31 MARCH 2016**  
**(Continued)**

The Committee of Management have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2016 and until the below date. No weaknesses were found in internal 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 Committee of Management

  
Christopher Watson

Date: 17<sup>th</sup> Sept 2016

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT BY THE AUDITORS' TO THE MEMBERS ON CORPORATE GOVERNANCE MATTERS

### Corporate Governance

In addition to the audit of the financial statements, we have reviewed the Board of Management's statement on pages 10 and 11 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory 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 with 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 pages 10 and 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 the Board of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Committee of Management's Statement on 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.



Haines Watts  
1<sup>st</sup> Floor  
24 Blythswood Square  
Glasgow

G2 4BG  
Date: 27/6/2016

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Whiteinch & Scotstoun Housing Association Limited for the year ended 31 March 2016 on pages 14 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefits 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.

#### **Respective responsibilities of the Committee and auditor**

As explained more fully in the Committee's Responsibilities Statement set out on page 9, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, Schedule 7 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014.

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

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements 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.

*Haines Watts*

Haines Watts  
1<sup>st</sup> Floor, 24 Blythwood Square  
Glasgow  
G2 4BG  
Date:..... 27/6/2016



# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

		2016	2015
	Notes	£	Restated £
<b>Turnover</b>	2	<b>6,428,334</b>	5,718,589
Operating costs	2	<u>(5,035,763)</u>	<u>(5,039,134)</u>
<b>Operating surplus</b>	2	<b>1,392,571</b>	679,455
Profit on sale of fixed assets	4	<b>309,448</b>	32,089
Finance income		<b>5,376</b>	253
Finance charges	5	<u>(185,920)</u>	<u>(227,676)</u>
<b>Surplus on ordinary activities before tax</b>		<b>1,521,475</b>	484,121
Taxation	6	-	-
<b>Surplus for the year</b>	7	<u><b>1,521,475</b></u>	<u>484,121</u>
Other gains/losses		-	-
<b>Total comprehensive income for the year</b>		<u><b>1,521,475</b></u>	<u>484,121</u>

All figures relate to continuing activities within the year.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

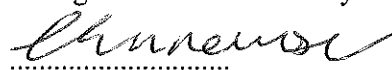
## STATEMENT OF FINANCIAL POSITION

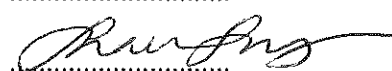
AS AT 31 MARCH 2016

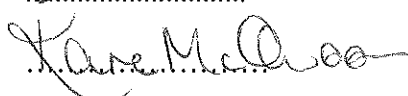
	Notes	2016	2015
		£	Restated £
<b>Property, plant &amp; equipment</b>			
Housing properties	8	27,786,479	27,081,408
Other fixed assets	8	562,316	565,414
		<u>28,348,795</u>	<u>27,646,822</u>
<b>Current Assets</b>			
Debtors	9	290,199	341,601
Cash at hand and in bank		2,898,660	3,308,052
		<u>3,188,859</u>	<u>3,649,653</u>
<b>Current Liabilities</b>			
Creditors due within one year	10	<u>(1,377,940)</u>	<u>(2,687,002)</u>
<b>Net Current Assets/(Liabilities)</b>		<b>1,810,919</b>	<b>962,651</b>
		<u>30,159,714</u>	<u>28,609,473</u>
<b>Creditors due after one year</b>	11	<b>(5,221,975)</b>	<b>(5,193,210)</b>
<b>Net Assets</b>		<u><b>24,937,739</b></u>	<u><b>23,416,263</b></u>
<b>Capital and Reserves</b>			
Share capital	14	55	54
Reserves	7	24,937,684	23,416,209
<b>Net Funds</b>		<u><b>24,937,739</b></u>	<u><b>23,416,263</b></u>

The comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102.

These financial statements were approved by the Committee of Management and authorised for issue on 1st Sept 2016 and signed on their behalf by:

Committee Member: 

Committee Member: 

Secretary: 

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2016

Reconciliation of Equity	Called up share capital £	Revenue Reserve £	Revaluation Reserve £	Total Equity £
<b>Balance at 31 March 2014 - Restated</b>	<b>63</b>	<b>4,946,537</b>	<b>17,985,551</b>	<b>22,932,150</b>
<b>Changes in equity</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>(9)</b>
Total comprehensive income	-	484,121	-	484,121
Transfer from revaluation surplus to revenue reserve	-	487,787	(487,787)	-
<b>Balance at 31 March 2015 – Restated</b>	<b>54</b>	<b>5,918,445</b>	<b>17,497,764</b>	<b>23,416,263</b>
<b>Changes in equity</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
Total comprehensive income	-	1,521,475	-	1,521,475
Transfer from revaluation surplus to revenue reserve	-	487,787	(487,787)	-
<b>Balance at 31 March 2016</b>	<b>55</b>	<b>2,009,262</b>	<b>17,009,977</b>	<b>24,937,739</b>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS

YEAR TO 31 MARCH 2016

		£	2016 £	2015 Restated £
<b>Cash flows from operating activities</b>				
Cash generated from operations	15	759,191		1,725,091
Tax paid		-		-
<b>Net cash from operating activities</b>		<u>759,191</u>	<u>759,191</u>	<u>1,725,091</u>
<b>Cash flow from investing activities</b>				
Cash paid for construction and purchases		(1,505,618)		(613,924)
Housing association grant received		337,793		207,427
Housing association grant repaid		-		(48,500)
Sales of housing properties		309,448		82,100
Purchase of other fixed assets		(37,014)		(5,909)
<b>Net cash flow from investing activities</b>		<u>(895,391)</u>	<u>(895,391)</u>	<u>(378,806)</u>
<b>Cash flow from financing activities</b>				
Finance income		5,376		253
Finance charges		(185,920)		(227,676)
Bank loans drawn down		-		-
Bank loans repaid		(92,651)		(86,953)
Increase in share capital		3		2
<b>Net cash flow from financing activities</b>		<u>(273,192)</u>	<u>(273,192)</u>	<u>(314,374)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>			<u>(409,392)</u>	<u>1,031,911</u>
<b>Cash and cash equivalents at the start of the year</b>			<u>3,308,052</u>	<u>5,276,141</u>
<b>Cash and cash equivalents at the end of the year</b>			<u>2,898,660</u>	<u>3,308,052</u>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(continued)

### 1. Accounting Policies

The Association is incorporated under the Co-operative and Community Benefits Societies Act 2014 and is registered by The Financial Conduct Authority. The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and under the historical cost accounting rules. They comply with the Determination of Accounting Requirements 2014 and with the SORP 2014 - Statement of Recommended Practice for social housing providers

#### (a) Accounting Policies

The principal accounting policies of the Association are set out in the paragraphs (b) to (q) below.

#### (b) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in note 9 will be grant aided, funded by loans, met out of reserves, or from proceeds of sales.

#### (c) Mortgages

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

#### (d) Housing Association Grants

Housing Association Grants (HAG) were utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount, which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost (note 1(f)) of the scheme in accordance with instructions issued from time to time by the grant awarding body.

HAG received in respect of the property, plant & equipment which was revalued and recognised at deemed cost at the transition date (see note 1) was credited to the statement of comprehensive income, in line with the performance model as required by SORP 2014.

HAG received, following the transition date, in respect of capital expenditure is credited to the comprehensive statement of income under the accruals method in line with the depreciation rates adopted for the underlying asset to which the expenditure relates.

#### (e) Housing Association Grant - Acquisition and Development Allowances Receivable

Acquisition and Development Allowances are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development Allowances become available in instalments according to the progress of work on the scheme. These Allowances are credited to development costs when they are receivable.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(continued)

(f) **Property, plant & equipment - Housing Land and Buildings** (note 8)

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme
- (iv) cost of replacing components

These costs are either termed "qualifying costs" for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

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

Development costs are capitalised to the extent that they are attributable to specific schemes and where such costs are not excessive.

If expenditure does not qualify for HAG, it is nevertheless capitalised.

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

Interest on the loan financing the development is capitalised up to the relevant date of completion.

(g) **Depreciation**

(i) **Housing Properties**

Housing Properties are stated at cost less accumulated depreciation.

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

Land	Not depreciated
Structure	Over 50 years
Roof	Over 50 years
Windows & Doors	Over 30 years
Bathrooms	Over 30 years
Kitchens	Over 15 years
Gas Systems inc Radiators	Over 30 years
Boilers	Over 15 years
Lifts	Over 30 years

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(continued)

(ii) **Other Fixed Assets**

The Association's assets are written off evenly over their expected useful lives as follows:

Office premises	-	over 50 years
Furniture, fittings & equipment	-	over 5 years

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

(h) **Impairment of Fixed Assets**

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

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

(i) **Reserves**

All of Association's comprehensive income is credited to its revenue reserve.

The unrealised net gains recognised in respect of the Association's property, plant & equipment recognised at deemed cost (note 1(t)) have been recognised as other comprehensive income and credited to the revaluation reserve. An annual transfer in respect of the depreciation of the revaluation surplus is transferred from the revaluation reserve to the revenue reserve.

(j) **Apportionment of Management Expenses**

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

(k) **Lease Obligations**

Rentals paid under operating leases are charged to the Statement of Income on the accruals basis.

(l) **Value Added Tax**

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(continued)

(m) **Pensions**

The Association participates in the centralised SHAPS Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole.

The expected cost to the Association of pensions is charged to the Statement of Income as to spread the cost of pensions over the service lives of the employees.

In line with FRS 102, the Association recognises a liability in respect of its annual committed deficit reduction contributions, which are due to be repaid until [2027].

(n) **Sale of Housing Properties**

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

(o) **Improvements**

In previous years, improvements were only capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

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

The adoption of Component Accounting represented a change in accounting policy in 2013. Previously the major components of the Association's housing properties were deemed to be land and buildings. The major components are now deemed to be Land, Structure, Roofs, Windows, Kitchens, Bathrooms and Central Heating. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in Note 1(g)(i). The accounting policy is compliant with the SORP 2014 and FRS 102.

(p) **Turnover**

Turnover represents rental income receivable from tenants which is billed monthly in arrears and it is at this point that income is recognised. Turnover is also represented by development administration and other income which is recognised when invoices are raised.

(q) **Service Charges Recoverable**



# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(continued)

Service charges represent income recoverable from tenants for factoring of the properties managed by the Association.

(r) **Statement of cash flows**

The statement of cash flows represents the cash transactions of the Association for the period from 1 of April 2015 to 31 March 2016. Cash and cash equivalents comprise cash on hand and in deposit and are subject to an insignificant risk of change in value.

(s) **Financial Instruments**

The Association only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

(t) **Transition exemptions**

The Association has applied the transition exemption permitted by FRS 102 and SORP 2014 to recognise the fair value of its social housing property, plant and equipment as deemed cost at the transition date, 1 April 2014, to the new financial reporting regime. The fair valuation of its social housing was based on an external valuation carried out by Jones Lang LaSalle on the basis of the EUV-SH valuation of the property at that date.

More details of the impact of this transition exemption is given at note 23.

**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2016**

**(Continued)**

**2. Particulars of turnover, operating costs, operating deficit**

	<b>Turnover</b>	<b>Operating Costs</b>	<b>Operating Surplus</b>	<b>Operating Surplus/(Deficit) 2015 Restated</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Social lettings</b>	5,474,356	4,621,445	852,911	670,377
<b>Other activities</b>	953,978	414,318	539,660	9,078
<b>Total</b>	<u>6,428,334</u>	<u>5,035,763</u>	<u>1,392,571</u>	<u>679,455</u>
<b>2015 - Restated</b>	<u>5,718,589</u>	<u>(5,039,134)</u>	<u>679,455</u>	

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(Continued)

### 3a. Particulars of turnover, operating costs, operating deficit from social lettings

	General Needs Housing £	Shared Ownership Housing £	Supported Housing Accommodation £	2016 Total £	2015 Total Restated £
<b>Income from lettings</b>					
Rent receivable net of identifiable service charges	4,825,641	-	377,927	5,203,568	5,017,790
Service charges receivable	278,367	-	22,735	301,102	318,123
Gross income from rents and service charges	5,104,008	-	400,662	5,504,670	5,335,913
Less voids	(39,105)	-	(1,222)	(40,327)	(59,240)
<b>Net income from rents and service charges</b>	5,064,903	-	399,440	5,464,343	5,276,673
Grant from Scottish Ministers	10,013	-	-	10,013	3,257
Other Revenue Grant	-	-	-	-	-
<b>Total turnover from social letting activities</b>	5,074,916	-	399,440	5,474,356	5,279,930
<b>Expenditure on Letting Activities</b>					
Management and maintenance administration costs	1,808,735	-	174,799	1,983,534	2,109,982
Service costs	427,461	-	35,858	463,319	446,736
Planned and cyclical maintenance including major repairs	533,842	-	44,782	578,625	543,849
Reactive maintenance	678,110	-	56,885	734,994	752,193
Bad debts – rents and service charges	60,426	-	-	60,426	50,343
Depreciation of social housing	800,547	-	-	800,547	706,450
Impairment of social housing	-	-	-	-	-
<b>Operating costs for social letting activities</b>	4,309,121	-	312,324	4,621,445	4,609,554
<b>Operating surplus for social lettings</b>	765,795	-	87,116	852,911	670,377
<b>2015 - Restated</b>	571,275	-	99,102	670,377	

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

**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2016**  
(Continued)

**3b – Particulars of turnover, operating costs, operating deficit from other activities**

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or (deficit)	2015 Restated
	£	£	£	£	£	£	£	£	£
Wider action/wider role	198,033	-	-	-	198,033	-	226,013	(27,980)	(21,118)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	169,546	169,546	-	169,546	-	-
Development and construction of property activities	-	4,867	-	-	4,867	-	4,867	-	-
Support activities	-	-	2,630	-	2,630	-	2,630	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	17,281	17,281	-	11,262	6,019	1,196
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	561,622	561,622	-	-	561,622	29,000
<b>Total from other activities</b>	<b>198,033</b>	<b>4,867</b>	<b>2,630</b>	<b>748,449</b>	<b>953,979</b>	<b>-</b>	<b>414,318</b>	<b>539,660</b>	<b>9,078</b>

2015 – Restated

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016  
(Continued)

	2016	2015
	£	Restated £
<b>4. Sale of fixed assets</b>		
Sale proceeds	318,000	82,100
Cost of sales	<u>(8,552)</u>	<u>(50,011)</u>
Gain on disposal	<u>309,448</u>	<u>32,089</u>
<p>The sales of housing properties have occurred under the right to buy legislation, and shared ownership sales.</p>		
<b>5. Finance charges</b>		
Loan interest payable	113,920	119,676
Less: Capitalised in housing properties	-	-
Interest on pension provision	<u>72,000</u>	<u>108,000</u>
	<u>185,920</u>	<u>227,676</u>
<b>6. Taxation</b>		
<p>The Association became a charity on 11 June 2004 and from that date is not taxable on its exempt activities.</p>		
<b>7. Reserves</b>		
	2016	2015
	£	Restated £
<b>Revenue Reserve</b>		
At 1 April 2015	5,918,445	4,946,537
Total comprehensive income	1,521,475	484,121
Transfer from revaluation reserve	<u>487,787</u>	<u>487,787</u>
At 31 March 2016	<u>7,927,707</u>	<u>5,918,445</u>
	2016	2015
	£	Restated £
<b>Revaluation reserve</b>		
At 1 April 2015	17,497,764	17,985,551
Total comprehensive income	-	-
Transfer to revenue reserve	<u>(487,787)</u>	<u>(487,787)</u>
At 31 March 2016	<u>17,009,977</u>	<u>17,497,764</u>
	<u>24,937,684</u>	<u>23,416,209</u>

**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2016**  
(Continued)

8. Property, plant & equipment	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Major Renewals Housing Properties Held for Letting £	Office Premises £	Furniture Fittings & Equipment £	Total £
<b>Cost or Valuation</b>							
At 1 April 2015 - Restated	27,792,404	495,455	-	-	500,000	534,821	28,822,680
Additions during year	327,724	1,177,894	-	-	6,420	30,594	1,542,632
Transfers	1,335,911	(1,335,911)	-	-	-	-	-
Disposals in year	-	-	-	-	-	(29,565)	(29,565)
At 31 March 2016	<u>28,956,039</u>	<u>337,438</u>	<u>-</u>	<u>-</u>	<u>506,420</u>	<u>535,850</u>	<u>30,335,747</u>
<b>Depreciation</b>							
At 1 April 2015 – Restated	706,451	-	-	-	10,000	459,407	1,175,858
Provided during year	800,547	-	-	-	10,000	30,112	840,659
Disposals	-	-	-	-	-	(29,565)	(29,565)
At 31 March 2016	<u>1,506,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>459,954</u>	<u>1,986,952</u>
<b>Net book value</b>							
At 31 March 2016	<u>27,449,041</u>	<u>337,438</u>	<u>-</u>	<u>-</u>	<u>486,420</u>	<u>75,896</u>	<u>28,348,795</u>
At 31 March 2015 - Restated	<u>26,588,953</u>	<u>495,455</u>	<u>-</u>	<u>-</u>	<u>490,000</u>	<u>75,414</u>	<u>27,649,822</u>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016  
(Continued)

### 8. Property, plant & equipment (continued)

Development administration costs capitalised amounted to Nil (2015: £Nil). No interest has been capitalised. None of the Association's properties are held under a lease.

Housing Association Grants are repayable under certain circumstances, namely the sale of properties.

9. Debtors	2016	2015
	£	Restated £
Amounts falling due within one year:		
Rents in arrears	119,513	102,747
Less bad debt provision	(82,132)	(71,192)
	<u>37,381</u>	<u>31,555</u>
Trade debtors	15,585	15,903
Prepayments and accrued income	72,570	104,043
Amounts owed by group undertakings	164,663	190,100
	<u>290,199</u>	<u>341,601</u>
10. Creditors due within one year		
Loans	547,542	558,818
Trade creditors	274,820	805,459
Other creditors	287,862	283,328
Accruals and deferred income	183,320	960,017
Rents in advance	84,396	79,380
	<u>1,377,940</u>	<u>2,687,002</u>
11. Creditors due after one year		
Deferred income	477,383	156,359
Other creditors	2,917,272	3,128,156
Loans	1,827,320	1,908,695
	<u>5,221,975</u>	<u>5,193,210</u>

Loans are secured by specific charges on the Association's properties. Loans are repayable at rates of interest of 1.395% to 5.44% (2015 – 1.395% to 5.44%) in instalments due as follows:

In one year or less	547,541	558,818
Between two and five years	356,066	353,536
In five years or more	1,471,254	1,555,159
	<u>2,374,862</u>	<u>2,467,513</u>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**AS AT 31 MARCH 2016**  
(Continued)

12. Employees	2016 £	2015 £
Staff costs during year		
Wages and salaries	1,189,801	1,150,575
Social security costs	105,412	94,814
Other pension costs	<u>194,856</u>	<u>583,317</u>
	<u>1,490,069</u>	<u>1,828,706</u>
The average full time equivalent number of persons employed by the Association during the year were as follows	No	No
Administration and maintenance	<u>32</u>	<u>32</u>

The Directors are defined as the members of the Committee of Management, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments including pension contributions exceed £60,000 per year.

	£	£
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>78,034</u>	<u>71,188</u>

The Association's pension contributions for the Director in the year amounted to £11,145 (2015 - £8,461).

During the current year, there were three directors with emoluments, excluding pension contributions, over £60,000 (2015: one).

No member of the Committee of Management received any emoluments in respect of their services to the Association.

The increase in the highest paid Director emoluments value and the increase to three other Directors with emoluments over £60,000 during 2015/16 financial year is due to the payment of backdated salaries from 2011 following a staff grading review commissioned by the Associations' Committee of Management in 2015.

The increase in pension contributions during 2015/16 financial year end is due to the Associations' Committee of Management agreement to meet employee pension costs, following on from reaching an agreement with staff to effect a transition from SHAPS defined benefit to SHAPS defined contribution scheme. The date of transition is the 1<sup>st</sup> of August 2016.



# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(Continued)

### 12. Employees (contd)

#### Pension Scheme - General

Whiteinch & Scotstoun Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme.

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted-in.
- Defined Contribution (DC) option.

An employer can elect to operate different defined benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Whiteinch & Scotstoun Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 1<sup>st</sup> April 2015 and the final salary with a 1/60th accrual rate benefit option for new entrants from 1<sup>st</sup> April 2015.

During the accounting period Whiteinch & Scotstoun Housing Association Limited paid contributions at the rate of 12.39% of pensionable salaries. Member contributions were 12.3%.

As at the balance sheet date there were 22 active members of the Scheme employed by Whiteinch & Scotstoun Housing Association Limited. The annual pensionable payroll in respect of these members was £469,856.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(Continued)

### 12. Employees (contd)

#### Pension Scheme - General

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2012 Valuation Assumptions	% p.a.
Investment return pre retirement	5.3
Investment return post retirement – Non pensioners	3.4
Investment return post retirement – Pensioners	3.4
Rate of salary increases	4.1
<b>Rate of pension increases</b>	
- Pension accrued pre 6 April 2005 in excess of GMP	2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

Mortality Tables	
Non-pensioners	44% of SIPMA (males) and SIPFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for Females
Pensioners	90% of SIPMA (males) and SIPFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

Contribution Rates for Future Service (payable from 1 April 2011)	% p.a.
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

Additional deficit contributions are payable from 1 April 2014 and will increasing by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016  
(Continued)

	2016 £	2015 £
<b>13. Auditors' Remuneration</b>		
The remuneration of the auditors (including expenses and excluding VAT for the year)	11,325	9,950
Remuneration of related parties to the auditors in respect of services other than those of external auditors	12,475	9,100
	23,800	19,050
<b>14. Share Capital</b>		
Shares of £1 fully paid and issued at beginning of year	54	63
Shares issued during year	3	2
Shares cancelled during year	(2)	(11)
Shares issued at end of year	55	54

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person'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.

	2016 £	2015 Restated £
<b>15. Notes to the Cash Flow Statement</b>		
<b>(a) Reconciliation of operating surplus to net cash inflow from operating activities</b>		
<b>Operating surplus for the year excluding interest and tax payable</b>	<b>1,392,571</b>	<b>679,455</b>
Depreciation	840,659	742,434
Amortisation of HAG	(10,013)	(3,257)
Cancellation of share capital	(2)	(11)
Decrease/(Increase) in debtors	51,402	10,277
Increase/(Decrease) in creditors	(1,312,426)	204,193
Increase/(Decrease) in pension provision	(203,000)	92,000
	759,191	1,725,091
<b>(b) Reconciliation of net cash flow to movement in net debt</b>		
(Decrease)/Increase in cash for the year	(409,392)	1,031,911
Loans received	-	-
Loan repayments	92,651	86,953
Change in net cash	(316,741)	1,118,864
Net debt as at 1 April 2015	840,539	(278,325)
Net debt as at 31 March 2016	523,798	840,539

**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2016**

**(Continued)**

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016  
(Continued)

### 15. Notes to the Cash Flow Statement (contd)

#### (c) Analysis of Changes in net debt

	As at 1 April 2015	Cash Flow	As at 31 March 2016
	£	£	£
Cash at bank and in hand	3,308,052	(409,392)	2,898,660
Bank overdrafts	-	-	-
Debt due within one year	(558,818)	11,276	(547,542)
Debt due after one year	(1,908,695)	81,375	(1,827,320)
	840,539	316,741	523,798

2016  
£

2015  
£

### 16. Capital Commitments

Expenditure authorised by the Committee of Management contracted less certified

3,688,770

600,000

### 17. Contingent Liabilities

Whiteinch & Scotstoun Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for Whiteinch & Scotstoun Housing Association was £8,018,338 (2015 - £7,975,880). The Association has no current plans to withdraw from the scheme.

### 18. Housing Stock

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

	2016 No	2015 No
General Needs Housing	1,198	1,199
Supported Housing Accommodation	101	101
Shared Ownership Accommodation	-	-
	1,299	1,300

### 19. Related parties

Various members of the Management Committee are tenants of the Association. The transactions with the Association are all undertaken on standard terms, as applicable to all tenants.

	2016	2015
Outstanding rental arrears	(559)	(905)
Amount received for rental payments	22,199	20,082

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016  
(Continued)

### 20. Associated companies

The Association, in conjunction with Whiteinch Community Association, formed Whiteinch Centre Limited a company limited by guarantee and registered in Scotland. Each organisation can appoint two directors and one further director can be appointed with the agreement of both organisations. The principal activities of the company is the provision of recreational, educational and training facilities or the organisation of recreational, educational and training facilities with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended. Whiteinch Centre Limited will manage the community centre on behalf of both organisations.

The liability of the Association is limited to £1.

### 21. Subsidiary company

On 8 April 2004 the Association incorporated a subsidiary company Scotinch Services Limited, renamed WS Property Management Limited. This company is intended to handle the activities that the Association will not be able to undertake as the Association has converted to a charitable status. The company is a company limited by shares and is registered in Scotland. Its issued share capital is £1.

The company commenced trading in the prior period and its results in the previous financial year and financial position at 31 March 2016 were:

	2016 £	2015 £
<b>WS Property Management Limited</b>		
Capital and reserves	30,081	20,126
Net profit/(loss)	9,956	10,513

The Financial Statements of the Association present information about it as an individual undertaking and no Group accounts have been prepared, on the basis that the activities of its subsidiary undertaking is immaterial. The balance owed by WS Property Management at 31 March 2016 was £164,663 (2015-£190,100).

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(Continued)

### 22. Financial instruments

The carrying amounts of the Association's financial instruments are as follows:

	2016 £	2015 £
<i>Financial assets</i>		
<b>Debt instruments measured at amortised cost:</b>		
- Trade debtors (note 9)	52,965	47,457
- Amounts owed by group undertakings (note 9)	164,663	190,100
- Other debtors (note 9)	72,570	104,043
	290,198	341,600
<b>Equity instruments measured at cost less impairment:</b>		
- Fixed asset unlisted investments	-	-
- Current asset unlisted investments	-	-
	-	-
<i>Financial liabilities</i>		
<b>Measured at amortised cost:</b>		
- Bank loans and overdraft (notes 10-11)	2,374,862	2,467,518
- Trade creditors (notes 10)	274,820	805,459
- Amounts owed to group undertakings	-	-
- Other creditors (notes 10-11)	287,862	283,328
- Rent in advance	84,396	79,380
	-	-

The income, expenses, net gains and net losses attributable the Group's financial instruments are summarised as follows:

	2016 £	2015 £
<i>Income and expense</i>		
Financial assets measured at fair value	-	-
Financial liabilities measured at fair value	-	-
Financial assets measured at amortised cost	5,376	253
Financial liabilities measured at amortised cost	(185,920)	(227,676)
<i>Net gains and losses (including changes in fair value)</i>		
Financial assets measured at fair value	-	-
Financial liabilities measured at fair value	-	-
Financial assets measured at amortised cost	-	-
Financial liabilities measured at amortised cost	-	-

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £5,376 (2015 - £ 253) and £185,920 (2015 - £227,676) respectively.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(Continued)

### 23. First time adoption of FRS 102

The Association has applied the transition exemption permitted by FRS102 and SORP 2014 to recognise the fair value of its social housing property, plant and equipment as deemed cost at the transition date, 1 April 2014, to the new financial reporting regime. The fair valuation of its housing was based on an external valuation carried out by Jones Lang LaSalle on the basis of the EUV-SH valuation of property at that date.

On the basis of the above, the fair value of the housing stock at £27m was in excess of £8m historical balance, therefore the Association's balance sheet (net assets) would increase on adoption. As of the transition date, all grants received prior to revaluation were written off in full to the revaluation reserve.

Under the previous accounting rules the Association did not show a liability in respect of its participation in the SHAPs defined benefit pension scheme, as it is a multi-employer scheme and the scheme's Trustees did not provide this information on an employer by employer basis. Under FRS 102 the Association is required to recognise a liability in respect of its additional deficit contributions (currently £280k for 2015/16) which it is committed to for the next 12 years. The present value of the provision was £3.3m as at 31<sup>st</sup> March 2014.

Reconciliation of Equity	UK GAAP	Effect of transition to FRS 102	FRS 102
1 April 2014 (Date of Transition to FRS 102)	£	£	£
NET ASSETS	<u>8,254,619</u>	<u>14,677,532</u>	<u>22,932,151</u>
SHARE CAPITAL	63	-	63
RESERVES	8,254,556	14,677,532	22,932,088
NET FUNDS	<u>8,254,619</u>	<u>14,677,532</u>	<u>22,932,151</u>



# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(Continued)

### 23. First time adoption of FRS 102 (Cont'd)

Reconciliation of Statement of Financial Position	UK GAAP	Effect of transition to FRS 102	FRS 102
At 31 March 2015	£000	£000	£000
<b>Property, plant &amp; equipment</b>			
Social housing	8,852,522	18,228,886	27,081,408
Other fixed assets	925,120	(359,706)	565,414
	<u>9,777,642</u>	<u>17,869,180</u>	<u>27,646,822</u>
<b>Current assets</b>			
Stock	-	-	-
Debtors	341,601	-	341,601
Cash at bank and in hand	3,308,052	-	3,308,052
	<u>3,649,653</u>		<u>3,649,653</u>
<b>Creditors: Amounts falling due within one year</b>	<u>(2,411,902)</u>	<u>(275,100)</u>	<u>(2,687,002)</u>
<b>Net current assets</b>	<u>1,237,751</u>	<u>(275,100)</u>	<u>962,651</u>
<b>Total assets less current liabilities</b>	<u>11,015,393</u>	<u>17,594,081</u>	<u>28,609,473</u>
<b>Creditors: Amounts falling due after more than one year</b>	<u>(1,908,695)</u>	<u>(3,284,515)</u>	<u>(5,193,210)</u>
<b>Net assets</b>	<u>9,106,698</u>	<u>14,309,566</u>	<u>23,416,263</u>
<b>Capital and reserves</b>			
Share capital	54	-	54
Revenue reserve	8,606,644	(3,188,199)	5,918,445
Designated reserves	500,000	(500,000)	-
Revaluation reserve	-	17,497,764	17,497,764
<b>Net funds</b>	<u>9,106,698</u>	<u>14,309,566</u>	<u>23,416,263</u>

**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2016**

**(Continued)**

**23. First time adoption of FRS 102 (Cont'd)**

<b>Reconciliation of Statement of Comprehensive Income</b>	<b>UK GAAP</b>	<b>Effect of transition to FRS 102</b>	<b>FRS 102</b>
<b>for the year to 31 March 2015</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	5,715,332	3,257	5,718,589
Operating costs	(4,775,911)	(263,223)	(5,039,134)
Other operating income	-	-	-
	<u>939,421</u>	<u>(259,966)</u>	<u>679,455</u>
<b>Operating surplus</b>			
Gain on disposal of fixed assets	32,089	-	32,089
Finance income	253	-	253
Finance charges	(119,676)	(108,000)	(227,676)
	<u>(87,334)</u>	<u>(108,000)</u>	<u>(195,334)</u>
<b>Surplus on ordinary activities</b>	<u>852,087</u>	<u>(367,966)</u>	<u>484,121</u>
Taxation	-	-	-
<b>Surplus for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>
Actuarial (loss) on pension scheme	-	-	-
<b>Total comprehensive income for the year</b>	<u>852,087</u>	<u>(367,966)</u>	<u>484,121</u>