

**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

**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 2018

### Members of Committee of Management

Chris Watson (Chairperson)  
Jan Carmichael  
Kathy Clark (Resigned – July 2017)  
Sharon Flynn (Vice Chairperson)  
Linda Mimmagh  
Rod Hunter (Co-opted December 2017)

Claudia Ennemoser  
Elizabeth MacDonald  
Pat McCarthy  
Linda Stevenson  
Mickey Bent

### Directors

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

Chief Executive  
Deputy Chief Executive and Secretary  
Financial Services Manager  
Housing Manager  
Property Services Manager

### Registered Office:

1 Northinch Court  
Glasgow  
G14 0UG

### Auditors:

Armstrong Watson Audit Limited  
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 2018

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# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2018

The Committee of Management present their report and audited financial statements for the year ended 31 March 2018.

### **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/ Neighborhood 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 2018 (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 programs 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 £842,913 (2017: £2,814,425) during the year.

The Association continued with its investment in planned and cyclical works throughout 2017-2018. The total expenditure on planned and cyclical works expensed in the year amounted to £350,935 (2017: £489,674). The Association has not capitalised any of this expenditure.

Despite this expenditure WSHA is in a strong financial position with over £2m deposited as cash funds. WSHA continues to have a substantial major repair investment program 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 program over the next few years.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2018 (continued)

### Members of Committee of Management

The Members of the Committee of Management of the Association during the year to 31 March 2018 were as follows:

Chris Watson (Chairperson)	Linda Mimmagh
Jan Carmichael	Claudia Ennemoser
Kathy Clark	Elizabeth MacDonald
Sharon Flynn (Vice Chairperson)	Pat McCarthy
Rod Hunter	Linda Stevenson
Mickey Bent	

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 2018 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
Mr J Gordon	Property Services Manager

### 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 serves 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 2018 (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 programs 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 program 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 (2017 - £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 £70,456 (2017 - £41,064).

### 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 2018 (continued)

enhancements implemented during 2013-2016. The Association continues to invest in its ICT network during 2017-2018, with the purchase of the following modules, Planned Asset Maintenance, Total Mobile and Component Accounting, all of which have either been fully implemented or are currently being implemented.

### 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



# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2018 (continued)

financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2018, the Association has one fixed rate loan, 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 program 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.

As previously stated within the Finance and IT narrative the Association has purchased a Planned Asset Maintenance software module from Capita which will integrate with the core Capita Module Open Housing; the software is currently being implemented in conjunction with a Life Cycle Stock Condition survey of all Association properties. The pilot and testing surveys began in December 2017, following on from which the full surveys began in January 2018, at the end of this financial year, over a quarter of properties had been fully surveyed and the data input with the Planned Asset Maintenance module.

### 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

# **WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

## **REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2018 (continued)**

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 2018 (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 2018 (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**

On 1<sup>st</sup> February 2018, Haines Watts Business Services (Glasgow) Limited transferred its audit business to Armstrong Watson Audit Limited. On 31<sup>st</sup> January 2018 Haines Watts Business Services (Glasgow) Limited resigned as the auditors and Armstrong Watson Audit Limited was subsequently appointed to fill the vacancy. The auditors, Armstrong Watson, will be proposed for re-appointment in accordance with the Section 84 of the Co-operative and Community Benefit Societies Act 2014 at the forthcoming Annual General Meeting.

Date:



On behalf of the Committee of Management



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'.

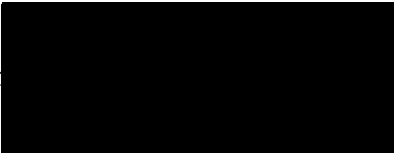
Under the legislation relating to Industrial and Provident Societies the Committee of Management are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the comprehensive income of the Association of that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



Christopher Watson

Date: 

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

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

31 MARCH 2018

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 mis-statement 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 takes 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.

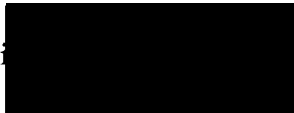
**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**

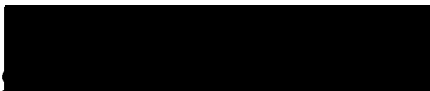
**COMMITTEE OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROLS**

**31 MARCH 2018**  
**(Continued)**

The Committee of Management have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2018 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 Commi

  
Christopher Watson

Date: ... 

# 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.

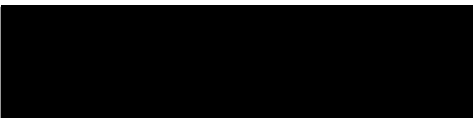
### Basis of Opinion

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.

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

Date:  .....



# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

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

### Opinion

We have audited the financial statements of Whiteinch & Scotstoun Housing Association Limited (the 'association') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, and Notes to the Financial Statements, 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).

This report is made solely to the company's members, as a body, in accordance with Section 87 of the Co-Operative Community Benefits Society Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit 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, Schedule 7 of Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014.

### 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 directors are responsible for the other information. The other information comprises the information in the Overview of Business and Activities, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

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

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, 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**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Overview of Business and Activities.

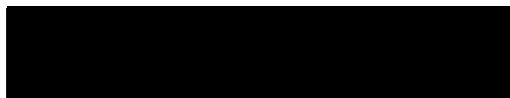
We have nothing to report in respect of the following matters where the Co-Operative and Community Benefits Societies Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Our 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.



Armstrong Watson Audit Limited  
Chartered Accountants & Statutory Auditors  
Floor 1  
24 Blythswood Square  
Glasgow  
G2 4BG

Date:



# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

		2018	2017
	Notes	£	£
<b>Turnover</b>	2	6,291,222	6,102,190
Operating costs	2	<u>(5,402,181)</u>	<u>(4,832,821)</u>
<b>Operating surplus</b>	2	<b>889,041</b>	1,269,378
Profit on sale of fixed assets	4	<b>63,120</b>	81,470
Finance income		-	-
Finance charges	5	<u>(109,248)</u>	<u>(216,424)</u>
<b>Surplus on ordinary activities before tax</b>		<b>842,913</b>	1,134,424
Taxation	6	-	-
<b>Surplus for the year</b>	7	<u><b>842,913</b></u>	<u>1,134,424</u>
Other comprehensive income		-	1,680,000
<b>Total comprehensive income for the year</b>		<u><b>842,913</b></u>	<u>2,814,424</u>

All figures relate to continuing activities within the year.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018	2017
		£	£
<b>Property, plant &amp; equipment</b>			
Housing properties	8	29,460,390	29,660,360
Other fixed assets	8	651,264	620,423
		30,111,654	30,280,783
<b>Current Assets</b>			
Debtors	9	490,396	236,321
Cash at hand and in bank		2,543,316	2,402,475
		3,033,712	2,638,796
<b>Current Liabilities</b>			
Creditors due within one year	10	(932,283)	(1,324,959)
<b>Net Current Assets/(Liabilities)</b>		2,101,429	1,313,837
		32,213,083	31,594,620
<b>Creditors due after one year</b>	11	(3,617,992)	(3,842,456)
<b>Net Assets</b>		28,595,091	27,752,164
<b>Capital and Reserves</b>			
Share capital	14	70	56
Reserves	7	28,595,021	27,752,108
<b>Net Funds</b>		28,595,091	27,752,164

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 [redacted] and signed on their behalf by:

Committee Member: [redacted]

Committee Member: [redacted]

Secretary: [redacted]

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2018

Reconciliation of Equity	Called up share capital £	Revenue Reserve £	Revaluation Reserve £	Total Equity £
<b>Balance at 31 March 2016</b>	55	7,927,707	17,009,977	24,937,739
<b>Changes in equity</b>	1	-	-	1
Total comprehensive income	-	2,814,424	-	2,814,424
Transfer from revaluation surplus to revenue reserve	-	487,787	(487,787)	-
<b>Balance at 31 March 2017</b>	<u>56</u>	<u>11,229,918</u>	<u>16,522,190</u>	<u>27,752,164</u>
<b>Changes in equity</b>	14	-	-	14
Total comprehensive income	-	842,913	-	842,913
Transfer from revaluation surplus to revenue reserve	-	487,788	(487,788)	-
<b>Balance at 31 March 2018</b>	<u><u>70</u></u>	<u><u>12,560,619</u></u>	<u><u>16,034,402</u></u>	<u><u>28,595,091</u></u>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS

YEAR TO 31 MARCH 2018

			2018	2017
	Note	£	£	£
<b>Cash flows from operating activities</b>				
Cash generated from operations	15	1,732,795		1,841,958
Tax paid		-		-
<b>Net cash from operating activities</b>		<b>1,732,795</b>		<b>1,841,958</b>
<b>Cash flow from investing activities</b>				
Cash paid for construction and purchases		(1,024,499)		(2,822,201)
Housing association grant received		160,240		577,031
Housing association grant repaid				-
Sales of housing properties				209,318
Purchase of other fixed assets		(82,323)		(97,369)
<b>Net cash flow from investing activities</b>		<b>(946,582)</b>		<b>(2,133,221)</b>
<b>Cash flow from financing activities</b>				
Finance income				-
Finance charges		(109,248)		(107,704)
Bank loans repaid		(536,142)		(97,222)
Increase in share capital		18		4
<b>Net cash flow from financing activities</b>		<b>(645,372)</b>		<b>(204,922)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>140,841</b>		<b>(496,185)</b>
<b>Cash and cash equivalents at the start of the year</b>		<b>2,402,475</b>		<b>2,898,660</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>2,543,316</b>		<b>2,402,475</b>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018

(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 2018

(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 2018

(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 2018

(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 2022 based on advice from The Pensions Trust.

(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 who are 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.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018

(continued)

(q) **Service Charges Recoverable**

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 2017 to 31st March 2018. 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.

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018

(Continued)

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

	Turnover £	Operating Costs £	Operating Surplus £	Operating Surplus/(Deficit) 2017 £
Social lettings	5,816,821	4,984,099	832,722	1,253,905
Other activities	474,401	418,082	56,319	15,473
<b>Total</b>	<b>6,291,222</b>	<b>5,402,181</b>	<b>889,041</b>	<b>1,269,378</b>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018  
(Continued)

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

	General Needs Housing £	Shared Ownership Housing £	Supported Housing Accommodation £	2018 Total £	2017 Total £
<b>Income from lettings</b>					
Rent receivable net of identifiable service charges	5,136,253	-	419,330	5,555,583	5,402,019
Service charges receivable	284,597	-	22,338	306,935	287,983
Gross income from rents and service charges	<u>5,420,850</u>	-	<u>441,668</u>	<u>5,862,518</u>	<u>5,690,002</u>
Less voids	-70,456	-	-	-70,456	(41,064)
<b>Net income from rents and service charges</b>	<u>5,350,394</u>	-	<u>441,668</u>	<u>5,792,062</u>	<u>5,648,938</u>
Grant from Scottish Ministers	-	-	-	-	-
Other Revenue Grant	24,759	-	-	24,759	21,554
<b>Total turnover from social letting activities</b>	<u>5,375,153</u>	-	<u>441,668</u>	<u>5,816,821</u>	<u>5,670,492</u>
<b>Expenditure on Letting Activities</b>					
Management and maintenance administration costs	1,994,922	-	168,045	2,162,967	2,016,318
Service costs	447,490	-	37,695	485,185	458,290
Planned and cyclical maintenance including major repairs	323,670	-	27,265	350,935	489,674
Reactive maintenance	610,171	-	51,399	661,570	612,992
Bad debts – rents and service charges	98,974	-	-	98,974	18,840
Depreciation of social housing	1,224,468	-	-	1,224,468	820,473
Impairment of social housing	-	-	-	-	-
<b>Operating costs for social letting activities</b>	<u>4,699,695</u>	-	<u>284,404</u>	<u>4,984,099</u>	<u>4,416,587</u>
<b>Operating surplus for social lettings</b>	<u>675,458</u>	-	<u>157,264</u>	<u>832,722</u>	<u>1,253,905</u>
<b>2017</b>	<u>1,115,497</u>	-	<u>138,408</u>	<u>1,253,905</u>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2017 - £nil).

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018  
(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)	2017
	£	£	£	£	£	£	£	£	£
Wider action/wider role	82,392	76,782	-	-	159,174	-	196,720	(37,546)	(57,722)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	204,878	204,878	-	204,878	-	-
Development and construction of property activities	-	8,128	-	-	8,128	-	8,128	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	10,000	10,000	-	8,356	1,644	3,389
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	92,221	92,221	-	-	92,221	69,806
<b>Total from other activities</b>	<b>82,392</b>	<b>84,910</b>	<b>-</b>	<b>307,099</b>	<b>474,401</b>	<b>-</b>	<b>418,082</b>	<b>56,319</b>	<b>15,473</b>
	62,002	70,109	2,926	296,671	431,707	-	416,234	15,473	

2017

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018

(Continued)

	2018	2017
	£	£
<b>4. Sale of fixed assets</b>		
Sale proceeds	63,120	215,242
Cost of sales	-	(133,772)
Gain on disposal	<u>63,120</u>	<u>81,470</u>

The sales of housing properties have occurred under the right to buy legislation, and shared ownership sales.

### 5. Finance charges

Loan interest payable	109,248	107,425
Less: Capitalised in housing properties	-	-
Interest on pension provision	-	109,000
	<u>109,248</u>	<u>216,425</u>

### 6. Taxation

The Association became a charity on 11 June 2004 and from that date is not taxable on its exempt activities.

### 7. Reserves

	2018	2017
	£	£
<b>Revenue Reserve</b>		
At 1 April 2017	11,229,918	7,927,707
Total comprehensive income	842,913	2,814,424
Transfer from revaluation reserve	487,788	487,787
At 31 March 2018	<u>12,560,619</u>	<u>11,229,918</u>

	2018	2017
	£	£
<b>Revaluation reserve</b>		
At 1 April 2017	16,522,190	17,009,977
Total comprehensive income	-	-
Transfer to revenue reserve	(487,788)	(487,787)
At 31 March 2018	<u>16,034,402</u>	<u>16,522,190</u>
	<u>28,581,413</u>	<u>27,752,108</u>

**WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2018**  
(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 2017	29,944,255	2,043,576	-	-	564,425	574,214	33,127,470
Additions during year	324,373	700,126	-	-	-	82,323	1,106,822
Transfers	(33,349)	33,349	-	-	-	-	-
Disposals in year	-	-	-	-	-	-	-
At 31 March 2018	<b>30,235,279</b>	<b>2,777,051</b>	-	-	<b>565,425</b>	<b>656,537</b>	<b>34,234,292</b>
<b>Depreciation</b>							
At 1 April 2017	2,327,471	-	-	-	34,234	484,981	2,846,686
Provided during year	1,224,468	-	-	-	14,300	37,183	1,275,951
Disposals	-	-	-	-	-	-	-
At 31 March 2018	<b>3,551,939</b>	-	-	-	<b>48,534</b>	<b>522,164</b>	<b>4,122,637</b>
<b>Net book value</b>							
At 31 March 2018	<b>26,683,340</b>	<b>2,777,051</b>	-	-	<b>516,891</b>	<b>134,373</b>	<b>30,111,655</b>
At 31 March 2017	<b>27,616,784</b>	<b>2,043,576</b>	-	-	<b>531,191</b>	<b>89,233</b>	<b>30,280,783</b>



# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018  
(Continued)

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

Development administration costs capitalised amounted to £Nil (2017: £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.

<b>9. Debtors</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Rents in arrears	215,802	143,645
Less bad debt provision	(122,012)	(73,376)
	<u>93,790</u>	<u>70,269</u>
Trade debtors	26,556	6,438
Prepayments and accrued income	258,673	61,974
Amounts owed by group undertakings	111,377	97,640
	<u>490,396</u>	<u>236,321</u>
 <b>10. Creditors due within one year</b>		
Loans	89,924	536,477
Trade creditors	254,471	213,293
Other creditors	277,589	278,611
Accruals and deferred income	216,943	219,767
Rents in advance	93,356	76,811
	<u>932,283</u>	<u>1,324,959</u>
 <b>11. Creditors due after one year</b>		
Deferred income	1,153,594	1,021,319
Other creditors	814,196	1,080,254
Loans	1,650,202	1,740,883
	<u>3,617,992</u>	<u>3,842,456</u>

Loans are secured by specific charges on the Association's properties. Loans are repayable at rates of interest of 5.44% (2017 – 1.395% to 5.44%) in instalments due as follows:

In one year or less	89,924	563,477
Between two and five years	415,575	393,569
In five years or more	1,234,627	1,347,314
	<u>1,740,126</u>	<u>2,277,360</u>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**AS AT 31 MARCH 2018**  
(Continued)

12. Employees	2018 £	2017 £
Staff costs during year		
Wages and salaries	1,312,569	1,248,430
Social security costs	137,735	131,293
Other pension costs	<u>136,689</u>	<u>174,824</u>
	<u>1,586,993</u>	<u>1,554,547</u>
The average full time equivalent number of persons employed by the Association during the year were as follows	<b>No</b>	<b>No</b>
Administration and maintenance	<u>39</u>	<u>37</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>75,050</u>	<u>73,431</u>

The Association's pension contributions for the Director in the year amounted to £7,193 (2017 - £10,500).

During the current year, there were three directors with emoluments, excluding pension contributions, over £60,000 (2017: one).

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

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018

(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

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018

(Continued)

	2018	2017
	£	£
<b>13. Auditors' Remuneration</b>		
The remuneration of the auditors (including expenses and excluding VAT for the year)	10,780	9,650
Remuneration of related parties to the auditors in respect of services other than those of external auditors	7,125	1,350
	<b>17,875</b>	<b>11,000</b>
<b>14. Share Capital</b>		
Shares of £1 fully paid and issued at beginning of year	56	55
Shares issued during year	18	4
Shares cancelled during year	(4)	(3)
Shares issued at end of year	<b>70</b>	<b>56</b>
<p>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.</p>		
	2018	2017
	£	£
<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>889,041</b>	<b>1,269,377</b>
Depreciation	1,224,468	859,734
Amortisation of HAG	(24,759)	(21,554)
Cancellation of share capital	(4)	(3)
Decrease/(Increase) in debtors	(254,075)	53,879
Increase/(Decrease) in creditors	164,679	(48,779)
Increase/(Decrease) in pension provision	(266,555)	(270,696)
	<b>1,732,795</b>	<b>1,841,958</b>
<b>(b) Reconciliation of net cash flow to movement in net debt</b>		
(Decrease)/Increase in cash for the year	140,841	(496,185)
Loans received	-	-
Loan repayments	537,234	97,502
Change in net cash	678,075	(398,684)
Net debt as at 1 April 2017	125,114	523,798
Net debt as at 31 March 2018	<b>803,189</b>	<b>125,114</b>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**AS AT 31 MARCH 2018**  
(Continued)

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

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

	As at 1 April 2017	Cash Flow	As at 31 March 2018
	£	£	£
Cash at bank and in hand	2,402,474	140,841	2,543,315
Bank overdrafts	-	-	-
Debt due within one year	(536,477)	446,553	(89,924)
Debt due after one year	(1,740,883)	90,681	(1,650,202)
	125,114	678,075	803,189

	2018 £	2017 £
<b>16. Capital Commitments</b>		
Expenditure authorised by the Committee of Management contracted less certified	200,000	300,000

	2018 No.	2017 No.
<b>17. Housing Stock</b>		
The number of units in Management at 31 March was as follows:		
General Needs Housing	1,199	1,197
Supported Housing Accommodation	101	101
Shared Ownership Accommodation	-	-
	1,300	1,298

### 18. 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.

	2018	2017
Outstanding rental arrears	(826)	(559)
Amount received for rental payments	12,999	22,199

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018

(Continued)

### 19. 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.

### 20. Subsidiary companies

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 2018 were:

	2018	2017
	£	£
<b>WS Property Management Limited</b>		
Capital and reserves	50,341	42,188
Net profit/(loss)	8,152	12,108

On 30<sup>th</sup> June 2018 the association incorporated a subsidiary company WS Estate Services Limited. This company is intended to deliver estate management services. The company is a company limited by shares and is registered in Scotland. Its issued share capital is £1.00. The company commenced trading on the 1<sup>st</sup> November 2018 and the financial position at 31<sup>st</sup> March 2018 were:

	2018	2017
	£	£
<b>WS Estate Services Limited</b>		
Capital and reserves	11,828	-
Net profit/(loss)	11,828	-

### 20. Subsidiary companies cont...

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018  
(Continued)

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 are immaterial.

The balance owed by WS Property Management Limited at 31 March 2018 was £82,108 (2017: £97,640).

The balance owed by WS Estate Services Limited at 31 March 2018 was £29,269.

### 21. Financial instruments

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

	2018 £	2017 £
<i>Financial assets</i>		
<b>Debt instruments measured at amortised cost:</b>		
- Trade debtors (note 9)	120,346	76,707
- Amounts owed by group undertakings (note 9)	167,747	97,640
- Other debtors (note 9)	276,140	61,974
	<hr/>	<hr/>
	470,443	236,321
<b>Equity instruments measured at cost less impairment:</b>		
- Fixed asset unlisted investments	-	-
- Current asset unlisted investments	-	-
	<hr/>	<hr/>
	-	-
<i>Financial liabilities</i>		
<b>Measured at amortised cost:</b>		
- Bank loans and overdraft (notes 10-11)	1,740,126	2,277,360
- Trade creditors (notes 10)	283,916	213,293
- Amounts owed to group undertakings	-	-
- Other creditors (notes 10-11)	277,589	278,611
- Rent in advance	93,356	76,811
	<hr/>	<hr/>

# WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2018

(Continued)

### 21. Financial instruments cont...

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

	2018 £	2017 £
<i>Income and expense</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	(109,248)	(216,425)
<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 £Nil (2017: £NIL) and £ 109,248 (2017: £216,425) respectively.