

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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 2019

Members of Committee of Management

Chris Watson (Chairperson)	Pat McCarthy (Resigned June 2018)
Sharon Flynn (Vice Chairperson)	Linda Stevenson
Jan Carmichael	Mickey Bent (Resigned October 2018)
Linda Mimmagh	Roslyn Carrigan (Elected June 2018)
Rod Hunter (Elected June 2018)	Deborah Keaveney (Elected June 2018)
Claudia Ennemoser	Alan Bruce (Elected June 2018)
Elizabeth MacDonald	
Siobhan Leighton (Appointed December 2018)	
Amanda McLean (Appointed February 2019)	
Lesley Sharkey (Elected June 2018, Resigned September 2018)	
Nichola Donnelly (Elected June 2018, Resigned November 2018)	
Jane McSheaffrey (Elected June 2018, Resigned October 2018)	

Directors

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

Registered Office: 1 Northinch Court
Glasgow
G14 0UG

Auditors: Armstrong Watson Audit Limited
1st Floor
24 Blythswood Square
Glasgow
G2 4BG

Principal Bankers: Bank of Scotland PLC
Uberior House, 1st 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 2019

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WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2019

The Committee of Management present their report and audited financial statements for the year ended 31 March 2019.

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 2019 (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 £83,969 (2018: £842,913) during the year.

The Association continued with its investment in planned and cyclical works throughout 2018-2019. The total expenditure on planned and cyclical works expensed in the year amounted to £672,901 (2018: £350,935). The Association has not capitalised any of this expenditure.

Despite this expenditure WSHA is in a strong financial position with over £3m 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 2019 (continued)

Members of Committee of Management

The Members of the Committee of Management of the Association during the year to 31 March 2019 were as follows:

Chris Watson (Chairperson)	Pat McCarthy (Resigned June 2018)
Sharon Flynn (Vice Chairperson)	Linda Stevenson
Jan Carmichael	Mickey Bent (Resigned October 2018)
Linda Mimmagh	Roslyn Carrigan (Elected June 2018)
Rod Hunter (Elected June 2018)	Deborah Keaveney (Elected June 2018)
Claudia Ennemoser	Alan Bruce (Elected June 2018)
Elizabeth MacDonald	
Siobhan Leighton (Appointed December 2018)	
Amanda McLean (Appointed February 2019)	
Lesley Sharkey (Elected June 2018, Resigned September 2018)	
Nichola Donnelly (Elected June 2018, Resigned November 2018)	
Jane McSheaffrey (Elected June 2018, Resigned October 2018)	

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 2019 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.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2019 (continued)

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.

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 (2018 - £Nil) during the year.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2019 (continued)

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 £78,293 (2018 - £70,456).

5 Finance and IT Issues

The Association continues to invest in its ICT network during 2018-2019, with the purchase of a GDPR Module which has been 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.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2019 (continued)

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.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2019, 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. As at 31/03/2019, the Association has accessed 747 properties and is continuing to upload the survey data on to the Planned 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

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2019 (continued)

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.

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.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2019 (continued)

20 Future developments

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

21 Defined Benefit Pension

There was £10,000 CR impact to the accounts of removing the deficit contribution provision and bringing in the Defined Benefit pension valuation at the start of the year. That actuarial losses of £405,000 recognised in Other Comprehensive Income in the year were a result of the movement in the valuation for the year to 31 March 2019. There was no impact on the prior year from the change to adopting defined benefit accounting.

Pension risks such as unexpected volatility in valuations each year and other risks due to the last man standing nature of the scheme are addressed regularly through the formal risk management process which the association has in place.

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

The position of external auditor has been put out to tender for the 2019/20 period. An auditor will be formally appointed at the next AGM. An auditor will be proposed for appointment in accordance with the Section 84 of the Co-operative and Community Benefit Societies Act 2014 at the forthcoming Annual General Meeting.

On behalf of the Committee of Management

Date: 5 June 2019

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: 5th June 2019

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROLS

31 MARCH 2019

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 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 2019

(Continued)

The Committee of Management have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2019 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: 5th June 2019

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.

Armstrong Watson Audit Limited
1st Floor
24 Blythswood Square
Glasgow
G2 4BG

Date: 27 June 2019

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 2019 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 2019 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. 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: 27 June 2019

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
	Notes	£	£
Turnover	2	6,703,527	6,291,222
Operating costs	2	<u>(6,125,987)</u>	<u>(5,402,181)</u>
Operating surplus	2	577,540	889,041
Profit on sale of fixed assets	4	-	63,120
Finance income		18,201	-
Finance charges	5	<u>(116,520)</u>	<u>(109,248)</u>
Surplus on ordinary activities before tax		479,221	842,913
Taxation	6	-	-
Surplus for the year	7	<u>479,221</u>	<u>842,913</u>
Other comprehensive income			
Initial recognition of multi-employer defined benefit scheme	22	9,748	-
Actuarial losses in respect of pension schemes	22	(405,000)	-
Total comprehensive income for the year		<u><u>83,969</u></u>	<u><u>842,913</u></u>

All figures relate to continuing activities within the year.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019	2018
		£	£
Property, plant & equipment			
Housing properties	8	28,506,395	29,460,390
Other fixed assets	8	608,414	651,264
		29,114,809	30,111,654
Current Assets			
Debtors	9	497,836	490,396
Cash at hand and in bank		3,745,604	2,543,316
		4,243,440	3,033,712
Current Liabilities			
Creditors due within one year	10	(647,864)	(932,283)
Net Current Assets/(Liabilities)		3,595,576	2,101,429
		32,710,385	32,213,083
Creditors due after one year	11	(2,796,554)	(3,617,992)
Provisions for liabilities	22	(1,234,769)	-
Net Assets		28,679,062	28,595,091
Capital and Reserves			
Share capital	14	72	70
Reserves	7	28,678,990	28,595,021
Net Funds		28,679,062	28,595,091

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 5th June 2019 and signed on their behalf by:

Committee Member: Claudia Ennemoser

Committee Member: Jan Carmichael

Secretary: Karen McQueen

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2019

Reconciliation of Equity	Called up share capital £	Revenue Reserve £	Revaluation Reserve £	Total Equity £
Balance at 31 March 2017	56	11,229,918	16,522,190	27,752,164
Changes in equity	14	-	-	14
Total comprehensive income	-	842,913	-	842,913
Transfer from revaluation surplus to revenue reserve	-	487,788	(487,788)	
Balance at 31 March 2018	<u>70</u>	<u>12,560,619</u>	<u>16,034,402</u>	<u>28,595,091</u>
Changes in equity	2	-	-	2
Total comprehensive income	-	83,969	-	83,969
Transfer from revaluation surplus to revenue reserve	-	487,788	(487,788)	-
Balance at 31 March 2019	<u>72</u>	<u>13,132,376</u>	<u>15,546,614</u>	<u>28,678,990</u>

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

YEAR TO 31 MARCH 2019

			2019	2018
	Note	£	£	£
Cash flows from operating activities				
Cash generated from operations	15	1,586,236		1,732,795
Tax paid		-		-
Net cash from operating activities		<u>1,586,236</u>		<u>1,732,795</u>
Cash flow from investing activities				
Cash paid for construction and purchases		(308,395)		(1,024,499)
Housing association grant received		117,248		160,240
Housing association grant repaid		-		-
Sales of housing properties		-		-
Purchase of other fixed assets		(3,815)		(82,323)
Net cash flow from investing activities		<u>(194,962)</u>		<u>(946,582)</u>
Cash flow from financing activities				
Finance income		18,201		-
Finance charges		(116,520)		(109,248)
Bank loans repaid		(90,681)		(536,142)
Issued share capital		14		18
Net cash flow from financing activities		<u>(188,986)</u>		<u>(645,372)</u>
Increase/(decrease) in cash and cash equivalents			<u>1,202,288</u>	<u>140,841</u>
Cash and cash equivalents at the start of the year			<u>2,543,316</u>	<u>2,402,475</u>
Cash and cash equivalents at the end of the year			<u>3,745,604</u>	<u>2,543,316</u>

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(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

The accounting treatment relating to the SHAPs defined benefit pension has not been consistently applied. For further details of the change in treatment refer to accounting policy (m) – pensions.

(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

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(continued)

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 2019

(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 2019

(continued)

Where it is identified that capital projects that span more than one year contain non capital expenditure such as remedial repair works, the full identified costs of these works will be depreciated in full in the year of completion and the balances subsequent transfer from assets under construction to housing properties.

(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.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(continued)

(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.

(m) **Pensions**

The Association participates in the centralised SHAPS Defined Benefit Pension Scheme. 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 cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. The latest full actuarial valuation was dated 31 March 2019.

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

The previous treatment of the Associations scheme complied with FRS 102 sections 28.11 and 28.11A which due to a lack of sufficient information being available allowed the Association to account for the multi-employer defined benefit scheme as though it were a defined contribution scheme. The Association therefore previously recognised a liability in respect of its annual committed deficit reduction contributions.

Due to sufficient information becoming available the association will be early adopting Amendments to FRS 102 Multi-employer defined benefit plans (9 May 2019). The relevant date for this new information to be applied was 1 April 2018. During this transitional period, the Association has disclosed within Other Comprehensive Income, the de-recognition of the deficit funding agreement liability and the recognition of the net pension deficit to reflect the impact of this change in accounting treatment.

(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.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(continued)

(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.

(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 2018 to 31st March 2019. 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 2019

(continued)

(t) **Significant judgements and estimates**

The present value of the SHAPS Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Any changes in these assumptions, which are disclosed in note 22 , will impact the carrying amount of the pension liability. GMP equalisation has also been considered within the current year valuation however this has not made a significant impact to the net pension deficit. The latest full actuarial valuation was dated 31 March 2019.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

2. Particulars of turnover, operating costs, operating deficit

	Turnover £	Operating Costs £	Operating Surplus £	Operating Surplus/(Deficit) 2018 £
Social lettings	6,074,716	5,616,728	457,988	832,722
Other activities	628,811	509,260	119,552	56,319
Total	6,703,527	6,125,987	577,540	889,041

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

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

	General Needs Housing £	Shared Ownership Housing £	Supported Housing Accommodation £	2019 Total £	2018 Total £
Income from lettings					
Rent receivable net of identifiable service charges	5,391,871	-	434,849	5,826,720	5,555,583
Service charges receivable	252,783	-	45,836	298,619	306,935
Gross income from rents and service charges	<u>5,644,654</u>	-	<u>480,685</u>	<u>6,125,339</u>	<u>5,862,518</u>
Less voids	(77,727)	-	-	(77,727)	(70,456)
Net income from rents and service charges	<u>5,566,927</u>	-	<u>480,685</u>	<u>6,047,612</u>	<u>5,792,062</u>
Grant from Scottish Ministers	-	-	-	-	-
Other Revenue Grant	27,104	-	-	27,104	24,759
Total turnover from social letting activities	<u>5,594,031</u>	-	<u>480,685</u>	<u>6,074,716</u>	<u>5,816,821</u>
Expenditure on Letting Activities					
Management and maintenance administration costs	2,051,721	-	172,399	2,224,120	2,162,967
Service costs	463,865	-	38,997	502,842	485,185
Planned and cyclical maintenance including major repairs	620,743	-	52,159	672,901	350,935
Reactive maintenance	821,426	-	69,022	890,448	661,570
Bad debts – rents and service charges	64,026	-	-	64,026	98,974
Depreciation of social housing	1,262,390	-	-	1,262,390	1,224,468
Impairment of social housing	-	-	-	-	-
Operating costs for social letting activities	<u>5,284,171</u>	-	<u>332,557</u>	<u>5,616,728</u>	<u>4,984,099</u>
Operating surplus for social lettings	<u>309,860</u>	-	<u>148,128</u>	<u>457,988</u>	<u>832,722</u>
2018	<u>1,115,497</u>	-	<u>138,408</u>	<u>832,722</u>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2018 - £nil).

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019
(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)	2018
	£	£	£	£	£	£	£	£	£
Wider action/wider role	114,066	38,362	-	-	152,428	-	219,691	(67,262)	(37,546)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	277,008	277,008	-	277,008	-	-
Development and construction of property activities	-	5,353	-	-	5,353	-	5,353	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	10,000	10,000	-	7,208	2,792	1,644
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	184,022	184,022	-	-	184,022	92,221
Total from other activities	114,066	43,715	-	471,030	628,811	-	509,260	119,552	56,319
2018	82,392	84,910	-	307,099	474,401	-	418,082	56,319	

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

	2019	2018
	£	£
4. Sale of fixed assets		
Sale proceeds	-	63,120
Cost of sales	-	-
Gain on disposal	<u>-</u>	<u>63,120</u>

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

5. Finance charges

Loan interest payable	92,520	109,248
Less: Capitalised in housing properties	-	-
Interest on pension provision	24,000	-
	<u>116,520</u>	<u>109,248</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

	2019	2018
	£	£
Revenue Reserve		
At 1 April 2018	12,560,619	11,229,918
Total comprehensive income	83,969	842,913
Transfer from revaluation reserve	487,788	487,788
At 31 March 2019	<u>13,132,376</u>	<u>12,560,619</u>

	2019	2018
	£	£
Revaluation reserve		
At 1 April 2018	16,034,402	16,522,190
Total comprehensive income	-	-
Transfer to revenue reserve	(487,788)	(487,788)
At 31 March 2019	<u>15,546,614</u>	<u>16,034,402</u>
	<u>28,678,990</u>	<u>28,595,091</u>

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2019
(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 £
Cost or Valuation							
At 1 April 2018	30,235,279	2,777,051	-	-	565,425	656,537	34,234,292
Additions during year	308,395	-	-	-	-	3,815	312,210
Transfers	2,777,051	(2,777,051)	-	-	-	-	-
Disposals in year	-	-	-	-	-	-	-
At 31 March 2019	33,320,725	0	-	-	565,425	660,352	34,546,502
Depreciation							
At 1 April 2018	3,551,939	-	-	-	48,534	522,164	4,122,637
Provided during year	1,262,390	-	-	-	14,300	32,365	1,309,055
Disposals	-	-	-	-	-	-	-
At 31 March 2019	4,814,329	-	-	-	62,834	554,529	5,431,692
Net book value							
At 31 March 2019	28,506,395	0	-	-	502,591	105,823	29,114,809
At 31 March 2018	26,683,340	2,777,051	-	-	516,891	134,373	30,111,655

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

8. Property, plant & equipment (continued)

Development administration costs capitalised amounted to £nil (2018: £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.

Non capital remedial works were identified as part of a capital project that was completed in the current year. These works totalling £325,874 were fully depreciated upon the transfer of the project balance to housing properties in line with the accounting policy g (i).

9. Debtors	2019	2018
	£	£
Amounts falling due within one year:		
Rents in arrears	265,310	215,802
Less bad debt provision	(117,118)	(122,012)
	<u>148,192</u>	<u>93,790</u>
Trade debtors	23,603	26,556
Prepayments and accrued income	102,825	258,673
Amounts owed by group undertakings	223,216	111,377
	<u>497,836</u>	<u>490,396</u>
10. Creditors due within one year		
Loans	94,260	89,924
Trade creditors	260,432	254,471
Other creditors	-	277,589
Accruals and deferred income	197,166	216,943
Rents in advance	96,006	93,356
	<u>647,864</u>	<u>932,283</u>
11. Creditors due after one year		
Deferred income	1,241,395	1,153,594
Other creditors	-	814,196
Loans	1,555,159	1,650,202
	<u>2,796,554</u>	<u>3,617,992</u>

Loans are secured by specific charges on the Association's properties. Loans are repayable at rates of interest of 5.44% (2018 – 1.395% to 5.44%) in instalments due as follows:

In one year or less	94,260	89,924
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WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

Between two and five years	439,840	415,575
In five years or more	1,115,319	1,234,627
	1,649,419	1,740,126

12. Employees	2019	2018
	£	£
Staff costs during year		
Wages and salaries	1,293,544	1,312,569
Social security costs	134,909	137,735
Other pension costs	122,552	136,689
	1,551,005	1,586,993
The average full time equivalent number of persons employed by the Association during the year were as follows	No	No
Administration and maintenance	37	39

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)	78,029	75,050

The Association's pension contributions for the Director in the year amounted to £7,384 (2018 - £7,193).

During the current year, there were 5 directors with emoluments, excluding pension contributions, over £60,000 (2018: 3).

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 2019

(Continued)

	2019 £	2018 £
13. Auditors' Remuneration		
The remuneration of the auditors (including expenses and excluding VAT for the year)	10,710	10,780
Remuneration of related parties to the auditors in respect of services other than those of external auditors	4965	7,125
	15,675	17,875
14. Share Capital		
Shares of £1 fully paid and issued at beginning of year	70	56
Shares issued during year	14	18
Shares cancelled during year	(12)	(4)
Shares issued at end of year	72	70

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.

	2019 £	2018 £
15. Notes to the Cash Flow Statement		
(a) Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus for the year excluding interest and tax payable	577,540	889,041
Depreciation	1,309,055	1,224,468
Amortisation of HAG	(27,104)	(24,759)
Actuarial adjustments	(395,252)	
Cancellation of share capital	(12)	(4)
Decrease/(Increase) in debtors	(7,440)	(254,075)
Increase/(Decrease) in creditors	(1,105,320)	164,679
Increase/(Decrease) in pension provision	1,234,769	(266,555)
	1,586,236	1,732,795
(b) Reconciliation of net cash flow to movement in net debt		
(Decrease)/Increase in cash for the year	1,202,288	140,841
Loans received	-	-
Loan repayments	90,681	537,234
Change in net cash	1,292,969	678,075
Net debt as at 1 April 2018	803,189	125,114
Net debt as at 31 March 2019	2,096,158	803,189

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

15. Notes to the Cash Flow Statement (contd)

(c) Analysis of Changes in net debt

	As at 1 April 2018	Cash Flow	As at 31 March 2019
	£	£	£
Cash at bank and in hand	2,543,315	1,202,289	3,745,604
Bank overdrafts	-	-	-
Debt due within one year	(89,924)	(4330)	(94,260)
Debt due after one year	(1,650,202)	95,043	(1,555,159)
	803,189	1,292,996	2,096,185

	2019 £	2018 £
16. Capital Commitments		
Expenditure authorised by the Committee of Management contracted less certified	Nil	200,000

	2019 No.	2018 No.
17. Housing Stock		
The number of units in Management at 31 March was as follows:		
General Needs Housing	1,201	1,199
Supported Housing Accommodation	101	101
Shared Ownership Accommodation	-	-
	1302	1,300

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.

	2019	2018
Outstanding rental arrears	(1,780)	(826)
Amount received for rental payments	32,515	12,999

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(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 2019 were:

	2019	2018
	£	£
WS Property Management Limited		
Capital and reserves	49,041	50,341
Net profit/(loss)	(1,200)	8,152

On 30th 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 1st November 2018 and the financial position at 31st March 2019 were:

	2019	2018
	£	£
WS Estate Services Limited		
Capital and reserves	132,973	11,828
Net profit/(loss)	121,145	11,828

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

20. Subsidiary companies cont...

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 2019 was £108,333 (2018: £82,108).

The balance owed by WS Estate Services Limited at 31 March 2019 was £86,903 (2018: 28,629).

21. Financial instruments

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

	2019 £	2018 £
<i>Financial assets</i>		
Debt instruments measured at amortised cost:		
- Trade debtors (note 9)	171,795	120,346
- Amounts owed by group undertakings (note 9)	200,272	111,377
- Other debtors (note 9)	102,825	258,673
	474,892	490,396
Equity instruments measured at cost less impairment:		
- Fixed asset unlisted investments	-	-
- Current asset unlisted investments	-	-
	-	-
<i>Financial liabilities</i>		
Measured at amortised cost:		
- Bank loans and overdraft (notes 10-11)	1,649,419	1,740,126
- Trade creditors (notes 10)	260,432	283,916
- Amounts owed to group undertakings	-	-
- Other creditors (notes 10-11)	197,166	277,589
- Rent in advance	96,006	93,356
	2,203,023	2,394,987

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

21. Financial instruments cont...

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

	2019	2018
	£	£
<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	(116,520)	(109,248)
<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 (2018: £116,520) and £Nil (2018: £109,248) respectively.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

22. Pensions

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.

The assets and liabilities of the defined benefit scheme at year ended 31 March 2019 are:

	31 March 2019	31 March 2018
	(£000s)	(£000s)
Fair value of plan assets	9,107	8,483
Present value of defined benefit obligation	10,340	9,562
Surplus (deficit) in plan	(1,233)	(1,079)
Unrecognised surplus	-	-
Defined benefit liability	<u>(1,233)</u>	<u>(1,079)</u>

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

22. Pensions (continued)

Reconciliation of present value of plan liabilities

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	9,562
Current service cost	-
Expenses	8
Interest expense	242
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	81
Actuarial losses (gains) due to changes in demographic assumptions	27
Actuarial losses (gains) due to changes in financial assumptions	566
Benefits paid and expenses	(146)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	<u>10,340</u>

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

22. Pensions (continued)

Reconciliation of fair value of plan assets

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	8,483
Interest income	218
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	269
Contributions by the employer	283
Contributions by plan participants	-
Benefits paid and expenses	(146)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	<u>9,107</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £487,000.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

22. Pensions (continued)

Amounts recognised in the Statement of Comprehensive Income as an expense are as follows:

	Period ended 31 March 2019 (£000s)
Current service cost	-
Expenses	8
Net interest expense	24
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income	32

Amounts recognised as Other Comprehensive Income are as follows:

	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	269
Experience gains and losses arising on the plan liabilities - gain (loss)	(81)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(27)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(566)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(405)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(405)

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

22. Pensions (continued)

Composition of plan assets

	31 March 2019 (£000s)	31 March 2018 (£000s)
Global Equity	1,465	1,526
Absolute Return	771	1,007
Distressed Opportunities	155	38
Credit Relative Value	158	-
Alternative Risk Premia	509	321
Fund of Hedge Funds	25	244
Emerging Markets Debt	292	290
Risk Sharing	264	77
Insurance-Linked Securities	236	232
Property	181	335
Infrastructure	382	155
Private Debt	118	79
Corporate Bond Fund	639	592
Long Lease Property	111	-
Secured Income	318	311
Over 15 Year Gilts	234	274
Index Linked All Stock Gilts	-	-
Liability Driven Investment	3,240	2,986
Net Current Assets	9	16
Total assets	9,107	8,483

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

(Continued)

22. Pensions (continued)

Principal actuarial assumptions used at the balance sheet date

	31 March 2019 % per annum	31 March 2018 % per annum
Discount Rate	2.29	2.55
Inflation (RPI)	3.30	3.20
Inflation (CPI)	2.30	2.20
Salary Growth	3.30	3.20
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.7
Female retiring in 2019	23.4
Male retiring in 2039	23.1
Female retiring in 2039	24.7

The nature of the change in the pension treatment within the accounts is detailed within accounting policy (m) pensions.

The adjustments required to the financial statements in order to apply the change in accounting treatment were as follows:

De-recognition of the deficit funding agreement as at 1 April 2018

£1,088,748 was removed from Creditors within the Statement of Financial Position and recognised in Other Comprehensive Income.

Recognition of the net pension deficit as at 1 April 2018

£1,079,000 was recognised within Other Comprehensive Income.

The net effect of the change in accounting treatment was therefore an increase to the surplus of £9,748 recognised within Other Comprehensive Income and a decrease to Total Liabilities within the Statement of Financial Position.

WHITEINCH & SCOTSTOUN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

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