



Williamsburgh
HOUSING ASSOCIATION
• Limited •

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2018

Committee of Management

D James	Chairperson
M MacLaren	Renfrewshire Council representative
M Symons	
J Callaghan	
Y Kelly	Resigned 16.08.17
S James	
S Luke	Resigned 27.06.18
J Luby	
G Cameron	Resigned 30.08.17
J Kerr	
C Lucas	Appointed 30.08.17
J Scott	Appointed 30.08.17
Y Robbie	Appointed 30.08.17

Executives

G Williamson	Director/Secretary
J McBride	Finance Manager
L Ferrie	Housing Manager
O McMillan	Maintenance Manager
J Livingstone	Development Manager
S Gordon	Administration Officer

Registered Office:

Ralston House
Cyril Street
Paisley
PA1 1RW

Auditor

Scott-Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

Bankers

The Royal Bank of Scotland plc
Paisley Chief Office
1 Moncrieff Street
Paisley
PA3 2AW

Solicitor

Cochran Dickie
21 Moss Street
Paisley
PA1 1BX

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

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Registration information

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered number 1991RS
The Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number HAL207
The Office of the Scottish Charity Regulator	Registered Scottish Charity No: SC035350

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2018

The Management Committee presents its report, which incorporates the Strategic Report and the audited financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the Association is the provision of rented accommodation. The Association is a limited company incorporated in Scotland.

Strategy, Vision and Objectives

Vision

W.H.A.'s aim is to provide high quality, affordable homes and maintain our commitment to continuous improvement, both in our service delivery and in the regeneration of our communities.

Continuous improvement

Monitoring our performance, over the whole range of services provided, to ensure that, on an ongoing basis, we are delivering the highest quality of provision, re-investing in our housing stock and introducing measures to improve efficiencies and enhance customer satisfaction.

Growth

Not simply working towards increasing the number and types of houses available, but promoting neighbourhood regeneration and revitalising our communities through maximising activity in innovative ways, which produce social, economic and environmental benefits.

Objectives

The Management Committee has set nine overarching objectives for the coming year:

- The progression of our housing development projects;
- Exit strategy for the RAGG (Renfrewshire Association of Growers & Gardeners) project;
- Increased focus on our Community Regeneration projects;
- The continuous improvement of our properties;
- A number of specific tasks in response to carrying out our role as a caring and responsive landlord;
- Environmental improvements to our properties and the surrounding areas;
- Increased focus on Corporate Governance;
- Minimising arrears; and
- A number of other prioritised operational matters.

Review of business

The members of the Management Committee and the Association's Executive Officers are satisfied with the Association's performance during the year. The surplus for the year was £1,763,578 (2017: £1,784,676). Net assets stand at £28,065,987 (2017: £26,302,411).

The Association is recognised by HM Revenue & Customs as a charity, and qualifies for the tax exemptions provided by Part 11 of the Corporation Tax Act 2010.

Current developments

The Association is progressing two development schemes at present, Seedhill Road, Paisley (23 units) and Milliken Road, Kilbarchan (18 units).

Further developments

Further "pipeline" developments are planned at Albert Drive, Renfrew (44 units), North Road, Johnstone (25 Units) and Cartha Crescent, Paisley (25 Units).

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2018

Principal risks and uncertainties

The Association has a risk management policy in place with the principal risks and controlling actions being reviewed by the Management Committee. The principal risks currently facing the Association are as follows:

- Progress with the 23 unit development at Seedhill Road which continues to be delayed due to Scottish Water infrastructure works required on Seedhill Road;
- Progression with the 18 unit development at Milliken Park, Kilbarchan;
- Progression with a potential 44 unit development at Albert Road, Renfrew;
- Progression with a potential 25 unit development at Cartha Crescent, Paisley;
- Progression with a potential 25 unit development at North Road, Johnstone;
- Implementation of a robust succession planning framework and infrastructure; and
- Implementation of the requirements of the General Data Protection Arrangements (GDPR).

Each risk has its own individual risk assessment which identifies the risk rating, risk owner, and provides: risk description, controlling actions, any changes since the most recent review and the next review date. Committee review the main risk register and each risk assessment individually at Management Committee meetings.

Key performance indicators (KPI's)

The Association submitted the 2017/18 Annual Return on the Scottish Social Housing Charter (ARC) to The Scottish Housing Regulator. The Regulator has identified 14 key performance indicators from the ARC to assess performance against the requirements of the charter. 2017/18 KPI's were reported as follows:

• Percentage of tenants satisfied with overall service	94.23%
• Percentage of tenants who feel their landlord is good at keeping them informed	99.68%
• Percentage of tenants satisfied with opportunities to participate in decision making	99.68%
• Percentage of stock meeting the Scottish Housing Quality Standard	100.00%
• Average length of time to complete emergency repairs	1.79 hours
• Average length of time to complete non-emergency repairs	3.3 days
• Percentage of reactive repairs carried out and completed 'right first time'	94.67%
• Percentage of repairs appointments kept	N/A
• Percentage of tenants who had repairs carried out, who were satisfied with the service	93.51%
• Number of cases of anti-social behaviour reported in the last year	216 cases
• Number of cases resolved within locally agreed target in the last year	173 cases
• Average length of time taken to re-let properties	18.41 days
• Percentage of rent lost through properties being empty in the last year	0.39%
• Rent collected from tenants as a percentage of total rent due in the reporting year	98.82%

The Management Committee and executive officers

The Management Committee and executive officers of the Association are listed on the first page of the financial statements. Each member of the Management Committee holds one fully paid share of £1 each in the Association. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the committee.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2018

Statement of committee's responsibilities

Housing Association legislation requires the Management Committee to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for that period. In preparing those financial statements, the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Committee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Association. The Committee is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

- So far as the Committee members are aware, there is no relevant information of which the Association's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information, and to establish that the Association's auditor is aware of the information.

Corporate Governance

The Association has complied throughout the accounting period with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance in 1992.

Charitable Donations

During the year, the Association made charitable donations amounting to £400 (2017: £481).

Auditor

The auditor, Scott-Moncrieff Chartered Accountants, at the forthcoming Annual General Meeting will offer themselves for re-appointment.

The Report of the Management Committee (incorporating the Strategic Report) has been approved by the Management Committee:

By order of the Management Committee


Committee member

Dated: 3 August 2018

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAMSBURGH HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of Williamsburgh Housing Association Limited (the Association) for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its income and expenditure 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 Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

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

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

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAMSBURGH HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Other information

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

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

We have nothing to report in this regard.

Group accounts: Section 99(3) of the Co-operative and Community Benefit Societies Act 2014

We agree with the opinion of the Management Committee of the Association that it would be of no real value to the members of the Association to consolidate or include the financial statements of the Association's subsidiary in group financial statements required to be prepared under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 for the year ended 31 March 2018, because of the immaterial nature of the subsidiary's transactions in the year.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 3, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAMSBURGH HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018


Auditor's responsibilities for the audit of the financial statements (continued)

Misstatements can arise from fraud or error and are considered material if, individually or in 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 auditor's report.

Use of our report

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


Scott-Moncrieff, Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Chartered Accountants

25 Bothwell Street

Glasgow

G2 6NL

Date: 3 August 2018

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE'S STATEMENT OF INTERNAL FINANCIAL CONTROLS FOR THE YEAR ENDED 31 MARCH 2018

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for 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 for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

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

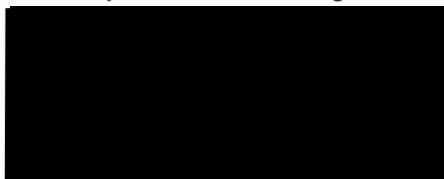
- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions, and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared regularly, which allow the Management Committee and staff to monitor the key business risks and progress towards financial plans set for the year and medium term; regular management accounts are prepared timeously, providing relevant, reliable and up to date financial and other information and significant variances from budget are investigated where appropriate; and
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.

The Management Committee reviews reports from the Director, staff and the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed.

Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Management Committee has confirmed the existence of the system of internal financial control in the Association for the year ended 31 March 2018.

By order of the Management Committee



Chairperson

Dated: 3 August 2018

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

REPORT OF THE AUDITOR TO THE MANAGEMENT COMMITTEE OF WILLIAMSBURGH HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statements on page 7 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 on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 7 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 our enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Dated: 3 August 2018

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	Restated 2017 £
Turnover	4	8,097,450	7,972,705
Operating expenditure	4	(6,303,773)	(6,076,228)
Operating surplus	4	1,793,677	1,896,477
Gain/(loss) on disposal of property, plant and equipment	10	12,400	(25,448)
Investment income	29	250	93
Interest receivable and other income	11	9,157	23,033
Interest payable and similar charges	12	(51,906)	(109,479)
Surplus for the year		1,763,578	1,784,676
Other comprehensive income		-	-
Total comprehensive income for the year		1,763,578	1,784,676

The results for the year relate wholly to continuing activities.

The notes on pages 13 to 30 form part of these financial statements.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
AS AT 31 MARCH 2018**

	Share Capital £	Revenue Reserves £	Total Capital & Reserves £
Balance at 1 April 2017 as restated	111	26,302,300	26,302,411
Total comprehensive income	-	1,763,578	1,763,578
Shares issued during the year	5	-	5
Shares cancelled during the year	(7)	-	(7)
Balance at 31 March 2018	<u>109</u>	<u>28,065,878</u>	<u>28,065,987</u>

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
AS AT 31 MARCH 2017**

	Share Capital £	Revenue Reserves £	Total Capital & Reserves £
Balance at 1 April 2016 as restated	113	24,517,624	24,517,737
Total comprehensive income	-	1,784,676	1,784,676
Shares issued during the year	11	-	11
Shares cancelled during the year	(13)	-	(13)
Balance at 31 March 2017 as restated	<u>111</u>	<u>26,302,300</u>	<u>26,302,411</u>

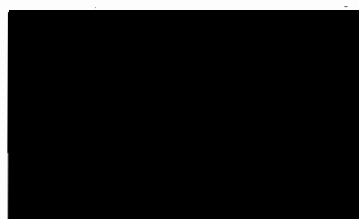
The notes on pages 13 to 30 form part of these financial statements.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Notes	2018 £	Restated 2017 £
Tangible fixed assets			
Housing properties	13	71,117,953	72,325,435
Other fixed assets	15	342,299	340,793
Investments	16	2	2
		<u>71,460,254</u>	<u>72,666,230</u>
Current assets			
Debtors	17	218,386	205,851
Cash and cash equivalents	18a	229,488	197,723
Investments	18b	7,217,545	6,877,632
		<u>7,665,419</u>	<u>7,281,206</u>
Creditors: amounts falling due within one year	19	<u>(3,231,665)</u>	<u>(3,104,010)</u>
Net current assets		<u>4,433,754</u>	<u>4,177,196</u>
Total assets less current liabilities		<u>75,894,008</u>	<u>76,843,426</u>
Creditors: amounts falling due after more than one year	20	<u>(47,828,021)</u>	<u>(50,541,015)</u>
Net assets		<u>28,065,987</u>	<u>26,302,411</u>
Capital and reserves			
Share capital	24	109	111
Revenue reserves		<u>28,065,878</u>	<u>26,302,300</u>
		<u>28,065,987</u>	<u>26,302,411</u>

The financial statements on pages 9 to 30 were authorised for issue by the Management Committee on 3 August 2018 and were signed on its behalf by:




Committee Member



James Callaghan
Committee Member

The notes on pages 13 to 30 form part of these financial statements.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	£	2018 £	£	Restated 2017 £
Net cash generated from operating activities	26		2,579,441		2,396,558
Cash flow from investing activities					
Purchase of property, plant & equipment		(1,549,357)		(1,031,017)	
Proceeds from sale of property, plant & equipment		12,400		64,095	
Grants received		-		76,311	
Grants repaid		-		(12,015)	
Interest received		9,157		23,033	
			(1,527,800)		(879,593)
Cash flow from financing activities					
Interest paid		(40,265)		(51,479)	
Repayment of borrowings		(639,703)		(665,396)	
Issue of share capital		5		11	
Deposit to current asset investment		(339,913)		(799,741)	
			(1,019,876)		(1,516,605)
Net change in cash and cash equivalents			31,765		360
Cash and cash equivalents at 1 April			197,723		197,363
Cash and cash equivalents at 31 March			229,488		197,723

The notes on pages 13 to 30 form part of these financial statements.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2014. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see note 3).

The presentation currency is pounds sterling and the financial statements are rounded to the nearest whole number.

The Association is a Co-operative and Community Benefit Society limited by shares and is incorporated in the United Kingdom. The Association is a registered social landlord in Scotland and its registered number is HAL207. The registered address is Ralston House, Cyril Street, Paisley, PA1 1RW.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

2. Principal Accounting Policies

(a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 March 2018, which occurred before the date of approval of the financial statements by the Management Committee have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2018 and of the results for the year ended on that date. The Association has a subsidiary company, Williamsburgh Property Services Limited, however, due to the immaterial nature of the subsidiary's transactions, consolidated financial statements have not been prepared.

(b) Going concern

The Association has shown a strong surplus year on year and the Committee believes that the Association will carry on this trend for the foreseeable future. In addition to this, the Association has a strong net current assets position. The Management Committee have therefore adopted the going concern basis in preparing the financial statements.

(c) Turnover

Turnover represents rental and service charge income receivable and fees or revenue grants receivable from local authorities and from the Scottish Government.

(d) Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year in which they are incurred.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Principal Accounting Policies (continued)

(e) Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest method.

(f) Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

(g) Tangible fixed assets - housing properties

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

- (i) cost of acquiring land and buildings;
- (ii) development expenditure; and
- (iii) internal administrative costs relating to the acquisition and development of housing properties.

These costs are termed "qualifying costs" by the Scottish Government for approved Housing Association Grant.

Expenditure on schemes is written off in the year unless it is recognised that the schemes will be developed to completion.

Refurbishment expenditure on existing properties is capitalised to the extent that the expenditure represents improvements to the properties or replacement of components.

(h) Depreciation

Housing land and buildings

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

Land - not depreciated	
Structure	- over 50 years
Windows	- over 30 years
Bathrooms	- over 20 years
Pipework	- over 12 years
Kitchen	- over 15 years
Boilers	- over 12 years
Roofs	- over 40 years

Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged by equal annual instalments at rates estimated to write off costs less any residual value over their expected useful lives. The following rates have been used:

Furniture & Fittings	- 15-20% per annum on cost
Vehicle	- 33% per annum on cost
Office premises	- 4-14% per annum on cost

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Principal Accounting Policies (continued)

(i) Development Administration Costs

Development administration costs relating to development activities are capitalised based on an apportionment of the staff time spent on this activity.

(j) Investments

The fixed asset investment relates to the investment in the subsidiary company, Williamsburgh Property Services Limited, a company registered in Scotland.

(k) Debtors

Short term debtors are measured at transaction price, less any impairment.

(l) Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 17.

(m) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(n) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(o) Loans

Mortgage loans are advanced by financial institutions under the terms of 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 Government Capital Grant by the Scottish Government.

(p) Government Capital Grants

Government Capital Grants, at amounts approved by the Scottish Government or local authorities, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

(q) Government Revenue Grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Principal Accounting Policies (continued)

(r) Non-Government Capital and Revenue Grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

(s) Financial Instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a rental arrear deferred beyond normal Association terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Association has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

(t) Pensions (Note 25)

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

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience.

Thus the Scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Principal Accounting Policies (continued)

(u) Financial Commitments

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

(v) 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. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

3. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Management Committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<u>Estimate</u>	<u>Basis of estimation</u>
Useful lives of office premises, office vehicle and furniture and fittings.	The useful lives of office premises, office vehicle and furniture and fittings are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.
The main components of housing properties and their useful lives.	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on expected asset life cycles.
Recoverable amount of rental and other trade receivables.	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPS pension scheme.	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. Particulars of Turnover, Operating Expenditure and Operating Surplus/(deficit)

	Notes	Turnover £	Operating Expenditure £	2018 Operating Surplus/ (Deficit) £	Turnover £	Operating Expenditure £	Restated - 2017 Operating Surplus/ (Deficit) £
Social Lettings	5	7,906,539	5,941,196	1,965,343	7,882,355	5,925,792	1,956,563
Other activities	6	190,911	362,577	(171,666)	90,350	150,436	(60,086)
		<u>8,097,450</u>	<u>6,303,773</u>	<u>1,793,677</u>	<u>7,972,705</u>	<u>6,076,228</u>	<u>1,896,477</u>

There are no other accommodation types other than General Needs and Supported Housing.

5. Particulars of turnover, operating expenditure and operating surplus from social letting activities

	General Needs Housing £	Supported Housing £	2018 Total £	2017 Total £
Income from rent and service charges				
Rent receivable net of service charge	5,812,661	54,423	5,867,084	5,776,003
Service charges	148,922	2,807	151,729	140,827
Gross income from rents and service charges	5,961,583	57,230	6,018,813	5,916,830
Less voids	(29,919)	-	(29,919)	(47,382)
Net income from rents and service charges	5,931,664	57,230	5,988,894	5,869,448
Release of deferred Government capital grants	1,853,349	14,918	1,868,267	1,936,424
Grants from the Scottish Ministers	40,443	8,935	49,378	76,483
Total turnover from social letting activities	7,825,456	81,083	7,906,539	7,882,355
Expenditure				
Management and maintenance administration costs	(1,907,938)	(19,862)	(1,927,800)	(1,868,250)
Service charges	(132,081)	(2,807)	(134,888)	(127,934)
Planned and cyclical maintenance costs	(467,638)	(10,901)	(478,539)	(407,597)
Reactive maintenance costs	(650,969)	(5,661)	(656,630)	(797,292)
Bad debts – rent and service charges	(34,641)	(359)	(35,000)	(64,924)
Depreciation of social housing	(2,685,954)	(22,385)	(2,708,339)	(2,659,795)
Operating expenditure for social letting activities	(5,879,221)	(61,975)	(5,941,196)	(5,925,792)
Operating Surplus on letting activities 2018	1,946,235	19,108	1,965,343	
Operating Surplus on letting activities 2017	1,934,626	21,937		1,956,563

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

6. Particulars of turnover, operating expenditure and operating surplus/(deficit) from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Other income £	2018 Total Turnover £	Restated 2017 Total Turnover £	Other operating expenditure £	2018 Operating surplus/ (deficit) £	Restated 2017 Operating surplus/ (deficit) £
Wider role activities *	7,803	136,807	-	144,610	28,989	199,849	(55,239)	(31,334)
Care and repair of property	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	116,584	(116,584)	(36,326)
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	46,144	46,144	53,787	46,144	-	-
Other agency /management services	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-	-
Other activities	-	-	157	157	7,574	-	157	7,574
Total from other activities 2018	7,803	136,807	46,301	190,911	-	362,577	(171,666)	-
Total from other activities 2017	-	28,989	61,361		90,350	150,436		(60,086)

* Undertaken to support the community, other than the provision, construction, improvement and management of housing.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

7. Directors' Emoluments

The directors are defined as the members of the Committee of Management, the Director and any other person reporting directly to the Director or the Committee of Management whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Committee of Management during the year. The Association considers key management personnel to be the Management Committee and senior management team of the Association only.

	2018 £	2017 £
Aggregate emoluments payable to key management personnel (including employers national insurance contributions, pension contributions and benefits in kind)	435,307	424,859
Total emoluments payable to the Director (excluding pension contributions) amounted to:	79,181	76,310
The numbers of Directors including the highest paid Director who received emoluments (excluding pension contributions) in the following ranges were:	2018 Number	2017 Number
£60,000 - £69,999	-	-
£70,000 - £79,999	1	1
	2018 £	2017 £
Total committee expenses reimbursed in so far as not chargeable to United Kingdom Income Tax	909	1,904

The Director is an ordinary member of the Association's pension scheme described in Note 25. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes. The Association's contributions for the Director in the year amounted to £9,234 (2017: £8,851).

8. Employee Information

	2018 Number	2017 Number
The average number of full-time equivalent employees during the year was:	33.4	33.5
Staff costs during year:	£	£
Wages and salaries	1,295,535	1,235,011
Social security costs	140,343	135,321
Pension costs	141,683	135,017
Pension costs – Past service scheme expenses	7,748	7,405
Pension costs – Past service deficit measurement	(8,961)	7,088
Accrued holiday pay	27,147	11,854
Agency costs	24,338	21,885
	1,627,833	1,553,581

The SHAPs past service deficit liability is subject to remeasurement each financial year.

During the past year past service deficit contributions of £250,868 (2017: £229,386) were paid. Of this payment £243,120 (2017: £221,980) was a payment in respect of the SHAPs past service deficit liability. The remainder of £7,748 (2017: £7,405) was pension management costs which have been included in the pension contributions total included in staff costs above.

The unwinding of the discount has been charged to finance costs in the Statement of Comprehensive Income. This finance cost was £11,641 (2017: £58,000) in the year.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. Operating surplus	2018	2017	
	£	£	
Operating surplus is stated after charging:			
Depreciation on tangible fixed assets	2,708,339	2,659,795	
Auditor's remuneration – audit fees	10,500	10,152	
Auditor's remuneration – non-audit fees	360	360	
	<u></u>	<u></u>	
10. Gain/(loss) on disposal of property, plant and equipment	2018	2017	
	£	£	
Property disposals	-	(25,448)	
Vehicle disposal	12,400	-	
	<u></u>	<u></u>	
11. Interest receivable and other income	2018	2017	
	£	£	
Bank interest receivable	9,157	23,033	
	<u></u>	<u></u>	
12. Interest payable and similar charges	2018	2017	
	£	£	
On bank loans and overdrafts	40,265	51,479	
SHAPS deficit repayment plan (Note 25)	11,641	58,000	
	<u></u>	<u></u>	
	51,906	109,479	
	<u></u>	<u></u>	
13. Tangible Fixed Assets - Housing properties	Housing Properties Held for Letting	Housing Properties under Construction	Total
	£	£	£
Cost			
As at 1 April 2017	112,516,857	294,527	112,811,384
Additions during year:	-	-	-
Property	-	-	-
Components	1,451,849	49,008	1,500,857
Disposals during year:	-	-	-
Property	-	-	-
Components	(1,020,265)	-	(1,020,265)
	<u></u>	<u></u>	<u></u>
As at 31 March 2018	112,948,441	343,535	113,291,976
	<u></u>	<u></u>	<u></u>
Depreciation			
As at 1 April 2017	40,485,949	-	40,485,949
Charge for the year	2,652,537	-	2,652,537
Disposals during year:	-	-	-
- Property	-	-	-
- Components	(964,463)	-	(964,463)
	<u></u>	<u></u>	<u></u>
As at 31 March 2018	42,174,023	-	42,174,023
	<u></u>	<u></u>	<u></u>
Net Book Value			
As at 31 March 2018	70,774,418	343,535	71,117,953
	<u></u>	<u></u>	<u></u>
As at 31 March 2017	72,030,908	294,527	72,325,435
	<u></u>	<u></u>	<u></u>

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. Tangible Fixed Assets - Housing properties (continued)

Additions to Housing Properties during the year includes no capitalised interest (2017 - £nil) and no capitalised administration costs (2017 - £nil). All housing properties are freehold. Properties with a cost of £Nil (2017: £138,314) and accumulated depreciation of £Nil (2017: £60,786) have been disposed of in the year for net proceeds (after grant repaid of £Nil) of £Nil (2017: £52,080 after grant recycled of £12,015).

Components with a cost of £1,020,265 (2017: £474,739) and accumulated depreciation of £964,464 (2017: £431,324) were disposed of in the year.

14. Housing Stock

The number of housing units in management as at 31 March 2018 was:

	2018 Number	2017 Number
General Needs Housing	1,608	1,608
Supported Housing	13	13
Total Units	<u>1,621</u>	<u>1,621</u>

15. Tangible Fixed Assets - Other fixed assets

	Office Premises £	Office Vehicle £	Furniture & Fittings £	Total £
Cost				
At 1 April 2017	372,032	23,959	522,599	918,590
Additions during year	-	25,454	23,046	48,500
Disposals	-	(23,959)	(16,308)	(40,267)
At 31 March 2018	<u>372,032</u>	<u>25,454</u>	<u>529,337</u>	<u>926,823</u>
Depreciation				
At 1 April 2017	360,355	15,972	201,470	577,797
Charge for year	4,291	7,987	34,716	46,994
On disposals	-	(23,959)	(16,308)	(40,267)
At 31 March 2018	<u>364,646</u>	<u>-</u>	<u>219,878</u>	<u>584,524</u>
Net Book Value				
At 31 March 2018	<u>7,386</u>	<u>25,454</u>	<u>309,459</u>	<u>342,299</u>
At 31 March 2017	<u>11,677</u>	<u>7,987</u>	<u>321,129</u>	<u>340,793</u>

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

16. Investments	2018 £	2017 £
Investment in subsidiary undertaking	<u>2</u>	<u>2</u>

During 2005/06 Williamsburgh Housing Association Limited acquired 2 ordinary £1 shares in Williamsburgh Property Services Limited. This represents a 100% shareholding in Williamsburgh Property Services Limited, a company registered in Scotland, whose principal activity is that of provision of factoring property services to owners. The registered address is Ralston House, Cyril Street, Paisley, PA1 1RW.

Williamsburgh Property Services Limited commenced trading on 1 April 2006. As at 31 March 2018 the capital and reserves and results for the year of Williamsburgh Property Services Limited were:

	2018 £	Restated 2017 £
Capital and reserves	<u>243</u>	<u>252</u>
Profit for the year	<u>241</u>	<u>250</u>
17. Debtors	2018 £	Restated 2017 £
Arrears of rent and service charges	240,414	275,816
Less: Provision for doubtful debts	(166,241)	(183,160)
	<u>74,173</u>	<u>92,656</u>
Other debtors	5,287	14,620
Amounts due from subsidiary	37,435	18,005
Prepayments and accrued income	101,491	80,570
	<u>218,386</u>	<u>205,851</u>
18a. Cash and cash equivalents	2018 £	2017 £
Current accounts	229,441	197,592
Cash in hand	47	131
	<u>229,488</u>	<u>197,723</u>
18b. Investments	2018 £	2017 £
Balances held in deposit accounts	<u>7,217,545</u>	<u>6,877,632</u>

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. Creditors – Amounts falling due within one year	2018	2017
	£	£
Housing loans	263,516	263,516
Other taxes and social security costs	36,642	35,311
Owed to contractors	292,452	248,995
Rents and service charges in advance	330,183	352,226
Trade creditors	141,191	90,198
Sundry creditors and accruals	143,218	53,885
Deferred Government capital grants	1,776,072	1,817,930
SHAPS deficit repayment plan	248,391	241,949
	<u>3,231,665</u>	<u>3,104,010</u>

Pension contributions of £45,264 were outstanding at the year-end (2017 - £Nil).

20. Creditors – Amounts falling due after one year	2018	2017
	£	£
Housing loans	1,292,318	1,932,021
Deferred Government capital grants	45,789,094	47,615,503
SHAPS deficit repayment plan	746,609	993,491
	<u>47,828,021</u>	<u>50,541,015</u>

21. Loans

Loans or mortgages secured by charges on the Association's housing properties:

	2018	2017
	£	£
Loans advanced by private lenders	<u>1,555,834</u>	<u>2,195,537</u>
Due within one year	263,516	263,516
Due between one and two years	263,516	263,516
Due between two and five years	790,547	790,547
Due after five years	238,255	877,958
	<u>1,555,834</u>	<u>2,195,537</u>
Less: included in current liabilities above	<u>(263,516)</u>	<u>(263,516)</u>
	<u>1,292,318</u>	<u>1,932,021</u>

Bank loans are outstanding mortgages on housing properties where the rental income is sufficient to secure a loan and are repayable over twenty five years.

The loans are repayable by monthly instalments of principal and have either fixed or variable rates of interest. All loans are secured by standard securities over the title of the properties to which they relate. The carrying value of the secured property is £14,920,133 (2017: £15,194,659).

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

22. Deferred capital grants	2018 £	2017 £
Deferred capital grants at 1 April	49,433,433	51,293,546
Grants received in year	-	76,311
Released to income in year	(1,868,267)	(1,936,424)
Deferred capital grants at 31 March	47,565,166	49,433,433

	2018 £	2017 £
Split:		
Due within one year	1,776,072	1,817,930
Due between one and two years	1,739,536	1,789,050
Due between two and five years	5,036,503	5,144,224
Due after five years	39,013,055	40,682,229
	47,565,166	49,433,433

23. Financial instruments	2018 £	2017 £
Financial Assets		
Cash and cash equivalents	229,488	197,723
Investments – deposit accounts	7,217,545	6,877,632
Financial assets measured at amortised cost	159,362	150,570
	7,606,395	7,225,925
Financial Liabilities		
Financial liabilities measured at amortised cost	3,127,695	3,824,055

Financial assets measured at amortised cost comprised rental arrears, other debtors, amounts due from subsidiary and accrued income.

Financial liabilities measured at amortised cost comprised housing loans, amounts owed to contractors, trade creditors, sundry creditors and accruals and the SHAPS deficit repayment plan.

No financial assets or liabilities are held at fair value.

24. Share capital	2018 £	2017 £
Shares of £1 each fully paid and issued as at 1 April 2017	111	113
Shares issued in year	5	11
Shares cancelled in year	(7)	(13)
As at 31 March 2018	109	111

All shares are non-withdrawable and do not carry any right to interest or dividend.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

25. Retirement Benefit Obligations

Williamsburch Housing Association Limited (the Association) participates in the Scottish Housing Associations' Pension Scheme (the "Scheme").

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded. 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; and
- Defined Contribution (DC) option.

An employer can elect to operate different 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.

Williamsburch Housing Association Limited has elected to continue to operate the final salary with a 1/60th accrual rate for existing members. Additionally, the Association has elected to introduce the DC option to staff from 1 July 2018. The Association will pay contributions at the rate of 10% of pensionable salaries and member contributions will be a minimum of 5%.

During the accounting period the Association paid contributions at the rate of 12.6% of pensionable salaries. Member contributions were 12.5%.

The Trustees commission an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

As at the Statement of Financial Position date there were 31 (2017: 30) active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience.

Thus the scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

The last formal valuation of the Scheme was performed as at 30 September 2015 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £616 million with liabilities of £814 million to give a deficit of £198 million, equivalent to a past service deficit funding level of 76%.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

25. Retirement Benefit Obligations (continued)

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2015 are detailed below:

	% p.a.
Investment return pre-retirement	5.3
Investment return post-retirement – non-pensioners	3.4
Investment return post-retirement – pensioners	3.4
Rate of salary increases	4.1
Rate of pension increases – pension accrued pre 6 April 2005	2.0
Rate of pension increases – pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5%)	1.7
Rate of price inflation	2.6

30 September 2017 funding update

The Employer Committee has recently received the 30 September 2017 Actuarial Report, the annual funding update which shows the Scheme's ongoing funding position in between each three-yearly valuation.

A summary is shown below:

30 September	Assets	Liabilities	Deficit	Funding
2015	£616m	£814m	£198m	76%
2016	£810m	£1,020m	£210m	79%
2017	£852m	£981m	£129m	87%

The Trustee's view is that the recovery plan remains appropriate and there is no need to take any action ahead of the next actuarial valuation due at 30 September 2018.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2017. As of this date the estimated employer debt of the Association was £8,676,077 (2017: £11,087,939).

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

25. Retirement Benefit Obligations (continued)

	2018 £	2017 £
Provision at start of period	1,235,440	1,392,332
Unwinding of the discount factor (interest expense)	11,641	58,000
Deficit contribution paid	(243,120)	(221,980)
Re-measurements – impact of any changes in assumptions	(8,961)	7,088
Provision at end of period	995,000	1,235,440
	£	£
Liability split as:		
< 1 year	248,391	241,949
1-2 years	252,037	246,593
2-5 years	494,572	746,898
> 5 years	-	-
	995,000	1,235,440

Statement of Comprehensive Income Impact

	2018 £	2017 £
Interest expense	11,641	58,000
Re-measurements – impact of any change in assumptions	(8,961)	7,088
Assumptions	2018	2017
Rate of discount	1.51%	1.06%

The discount rates shown above are the equivalent single discount rates, which when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate band yield curve to discount the same recovery plan contributions.

26. Net Cash Flow from Operating Activities

	2018 £	Restated 2017 £
Surplus for the year	1,763,578	1,784,676
<u>Adjustment for non-cash items:</u>		
Carrying amount of tangible fixed asset disposed	-	184,637
Depreciation of tangible fixed assets including loss on disposal of components	2,755,333	2,707,542
SHAPS past service deficit movements	2,680	65,088
Decrease in trade and other debtors	(12,535)	(13,729)
Decrease/(increase) in trade and other creditors	163,071	(149,605)
<u>Adjustments for investing and financing activities:</u>		
Net proceeds from sale of tangible fixed assets	(12,400)	(52,080)
Interest payable	40,265	51,479
Interest received	(9,157)	(23,033)
Release of deferred Government capital grants	(1,868,267)	(1,936,424)
SHAPS past service deficit payment	(243,120)	(221,980)
Shares cancelled	(7)	(13)
Net cash inflow from operating activities	2,579,441	2,396,558

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

27. Related Party Transactions

There are five tenant members and six non-tenant members of the Management Committee. Of the six Committee members who are non-tenants, one is a representative of Renfrewshire Council, two stay within the Association's normal areas of operation and three stay out with Association's normal areas of operation but are interested in the work of the Association. All transactions with members of the Management Committee are carried out at arm's length. Williamsburgh Housing Association Limited provided agency services to Williamsburgh Property Services Limited during 2017/18. Costs of services provision were recharged to Williamsburgh Property Services Limited. During the year, costs amounting to £69,764 (2017: £69,214) were recharged to Williamsburgh Property Services Limited. £250 (2017: £93) was gift aided from Williamsburgh Property Services Limited to Williamsburgh Housing Association Limited. As at 31 March 2018, Williamsburgh Housing Association Limited was owed £37,435 (2017: £18,005) by Williamsburgh Property Services Limited.

Management committee members

As detailed above, the Association has Management Committee members who are also tenants. The total rent charged in the year relating to tenant Management Committee members is £20,063 (2017: £23,994). The total rent arrears relating to tenant Management Committee members included within debtors at the year-end is £Nil (2017: £Nil). The total prepaid rent relating to tenant Management Committee members included within creditors is £843 (2017: £2,029).

28. Big Lottery Funding

As the accounts are prepared on an accruals basis, the income recorded as being received from the Big Lottery during the year is as follows:-

	£
Opening balance at 1 April 2017	316
Received in year	64,570
Released to income in year	(61,540)
Total deferred grant remaining	3,346

29. Transition adjustment

As part of the triennial review of FRS 102, the Financial Reporting Council (FRC) issued proposed changes in the form of Financial Reporting Exposure Draft 68 (FRED 68) 'Payments by subsidiaries to their charitable parents that qualify for gift aid in respect of the accounting treatment of gift aid'. FRED 68 clarified that gift aid payments are distributions that should be recognised in equity and should not be accounted for as expenditure. FRED 68 also confirmed that these distributions should not be accrued at the year-end (unless a deed of covenant is in place), but that they will still qualify for taxation relief for the current year as long as the amount is paid within nine months of the year end.

The revised FRS 102 comes into force for accounting periods beginning on or after 1 January 2019. However the changes being introduced as a result of FRED 68 have been early adopted, as allowed, as part of the preparation of the financial statements for the year ended 31 March 2018.

The following adjustments account for the change in treatment of the gift aid distribution from Williamsburgh Property Services Limited and reconcile the position of these financial statements to the most recent set of signed financial statements.

WILLIAMSBURGH HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

29. Transition adjustment (continued)

Restated capital and reserves at 1 April 2016	£
Capital and reserves as previously stated at 1 April 2016	24,517,830
Gift aid adjustment – 2016	(93)
	<u>24,517,737</u>
Restated surplus 31 March 2017	£
Surplus as previously stated at 31 March 2017	1,784,833
Gift aid adjustment	(250)
Distribution from Williamsburgh Property Services Limited	93
	<u>1,784,676</u>
Restated capital and reserves at 31 March 2017	£
Capital and reserves as previously stated at 31 March 2017	26,302,661
Gift aid adjustment 2017	(250)
	<u>26,302,411</u>