



Alexander Sloan
Accountants and Business Advisers

Glasgow West Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2020

Registered Social Landlord No. HEP126

FCA Reference No. 1955R(S)

Scottish Charity No. SCO01667

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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GLASGOW WEST HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2020

Management Committee

Steve Jenkins	Resigned 12/11/2019
Joe Heaney	Chairperson
James Michael	Secretary
Joginder Makar	Treasurer
Yushin Toda	
Moira Wadsworth	
Hanif Mirza	Resigned 31/03/2020
Mirosława Trzeciak	Resigned 30/04/2019
Nina McNeill	Vice Chairperson
Tony Keane	
Anne Campbell	Appointed 14/06/2019
Isobel Gracie	Appointed 14/06/2019
Susan Mosedale	Interim Secretary (Casual member 12/11/19)

EXECUTIVE OFFICERS

Elaine Travers	Chief Executive
Anne Allan	Corporate Director
Sandy Welsh	Services Director - Resigned 06/12/19
Jennifer Barrow	Services Director - Appointed 20/01/20

REGISTERED OFFICE

5 Royal Crescent
Glasgow
G3 7SL

EXTERNAL AUDITORS

Alexander Sloan
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

BANKERS

Clydesdale Bank
326 Byres road
Glasgow
G12 8AN

INTERNAL AUDITORS

Quinn Internal Audit Services Ltd
55 Lady Place
Livingston
EH54 6TB

SOLICITOR

TC Young
7 West George Street
Glasgow
G2 1BA

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2020.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No.1955R(S)), the Scottish Housing Regulator as a registered social landlord (No.HEP126) and as a registered Scottish Charity with the charity number SCO01667.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

The year 2019/20 will be carved in our history books, with the covid-19 global pandemic leapfrogging what had arguably been the most significant event in our recent lifetime: the UK exit from the European Union (BREXIT) in January 2020. These unprecedented events have certainly tested our risk management and emergency contingency planning to the nth degree with our rapid response to emerging Government advice: including the smooth transition towards remote working; and the extended use of digital communication platforms, ensuring continuity in our robust governance framework, whilst reinforcing our resilience and agility as an organisation. Through a comprehensive Return to Work plan, we are now cautiously planning for a new “normal”, and for the phased resumption of services, when it is safe enough for us to do so.

Members of the Management Committee are satisfied with the continued steady performance and state of affairs. Net current assets stand at £24.8m and the surplus for the year has been transferred to designated reserves to fund the Major Repairs programme. Key assumptions collated in March 2020 in preparation of the 30-year cashflow have been reviewed to reflect the impact of covid-19 on all aspects of our operational activities (e.g. bad debts assumed to increase significantly in the first 2 years). Our cash position remains strong and demonstrates sufficient cushioning to cope with the covid-19 impact while maintaining service delivery.

With a recession looming, rent affordability is critical, and the Management Committee were encouraged that Year 1 of our Rent Restructuring programme delivered affordable rents for 99% of GWA households. Almost 200 tenants (13.4%) responded to the annual rent review consultation, our most impressive response to date; and 70% of those households supported the rent proposal which translated to an average 2.2% increase from 28th March 2020.

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

Review of Business and Future Developments (Continued)

In our core business areas of rent collection, re-let times, and void rent loss, our performance at the end of 2019/20 remains strong, and although we are prepared for a temporary derailment as we support our most vulnerable households to recover from the economic and social impact of the covid19 pandemic; our robust strategies and targeted tenancy sustainment focus will ensure our performance

GLASGOW WEST HOUSING ASSOCIATION LIMITED

leadership objective stays within sight. Efficiencies continue to be achieved through rigorous procurement processes; enhanced data management systems and refined procedures eliminate waste and duplication; and our embedded culture of robust governance ensures our readiness for the challenges of operating in a highly regulated and ever-changing sector. A refreshed mission statement: “Homes are our purpose; Service and Sustainability our priority” was a key outcome of the 2019 strategy review; our “compliant” Annual Assurance Statement has been endorsed by the Scottish Housing Regulator; and revised Rules, aligned to the Charitable Model Rules 2020 are ready for presentation to the membership at a Special General Meeting to be held prior to the AGM. Succession planning for the Management Committee is a key priority.

By the end of March 2020, 90% of properties achieved the Scottish Housing Quality Standard (SHQS) and 70% the Energy Efficiency Standard for Social Housing (EESH); and a 3-year strategy is in place to ensure compliance with the newly introduced SHQS criteria on electrical safety. A total of £1.2m has been invested in our properties in the last year, with works including upgrades to bin stores, kitchens, bathrooms and central heating systems; and we continue in our endeavours to work with others to preserve the heritage of our traditional housing stock; and to seek out solutions that overcome the energy efficiency challenges of our complex construction types. The Government “lockdown” restrictions have unavoidably impacted many of our asset management services, with challenges in balancing the delivery of non-essential services with our statutory and regulatory obligations, however, following an inevitable period of recovery for the sector, and for the wider economy, we remain confident in our ability to reinstate services and regain the momentum for delivery of our ambitious £20m investment programme over the next 5 years.

This time last year we were delighted to signal a “green light” for the Dover Street development, and it is hugely disappointing to report a site start delayed by a perfect storm of complex and protracted contractual negotiations, and Government restrictions on non-essential construction. Whilst we remain fully committed to delivering this prestigious development, with emerging risks in a postpandemic construction industry, and with BREXIT uncertainty, it is fitting that we take time to review the project in the context of our strategic principles. On a more positive note, the completion of the Breadalbane Street and St Vincent Crescent remodelling projects, and the imminent handover of the Gray Street project, provide two much needed self-contained units (one general and one wheelchair accessible) and 10 supported bedspaces in our local community; and the pipeline projects at Corunna Street and Burnbank House (the latter a collaboration with Queens Cross Housing Association) are moving at a pace that reflects the complexities of these sites. Following a business case review, and with relevant consents, three ad-hoc unimproved empty flats were marketed for disposal during the year.

Another challenging and successful year is attributed to ongoing stakeholder engagement, the broad range of skills and experience of Committee Members, and the well-led, highly competent and service driven staff. As we begin to navigate the challenges of a new “normal”, this provides a sound basis for delivering GWHA’s vision and mission through sustainable corporate strategies supporting and delivering Service Enhancement, Robust Governance and Optimum Performance.

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association’s share capital and, although not having

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the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 requires the Management Committee 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 surplus or deficit 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

Going Concern

Based on its budgetary and forecasting processes the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

Statement on Internal Financial Control

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

- the maintenance of proper accounting records;
- 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 of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2020. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Disclosure of Information to the Auditor

The members of the Management Committee at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to auditors.

Auditors

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

By order of the Management Committee

SUSAN MOSEDALE
Interim Secretary

23 June 2020

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF GLASGOW WEST HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes 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 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 within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
23 June 2020



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLASGOW WEST HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Glasgow West Housing Association Limited (the 'Association') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting

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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 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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.

Other information

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

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.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLASGOW WEST HOUSING ASSOCIATION LIMITED (Continued)

Matters on which we are required to report by exception

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on page 4, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Cooperative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
23 June 2020



Alexander Sloan
Accountants and Business Advisers

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Revenue	2		7,720,657		7,522,315
Operating costs	2		6,015,652		6,537,060
OPERATING SURPLUS			1,705,005		985,255
Gain on sale of housing stock	7	82,130		43,300	
Interest receivable and other income		251,703		192,766	
Interest payable and similar charges	8	(37,070)		(38,721)	
Other Finance income/(charges)	10	(25,000)		(22,000)	
			271,763		175,345
SURPLUS FOR THE YEAR	9		1,976,768		1,160,600
Other comprehensive income					
Adjustment relating to opening pension liability	19		-		(498,725)
Actuarial gains/(losses) on defined benefit pension plan	19		1,085,000		(126,000)
TOTAL COMPREHENSIVE INCOME			3,061,768		535,875

The results relate wholly to continuing activities.

The notes on pages 13 to 34 form an integral part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
NON-CURRENT ASSETS					
Housing properties - depreciated cost	11		37,044,373		37,736,112

Other tangible assets	11		18,732	39,072
			37,063,105	37,775,184
INVESTMENTS				
Investment in subsidiaries	12	1	1	
Investment properties	12	304,000	304,000	
			304,001	304,001
CURRENT ASSETS				
Receivables	13	473,362	341,241	
Investments	14	24,488,494	22,975,126	
Cash and cash equivalents	15	1,114,242	966,930	
		26,076,098	24,283,297	
CREDITORS: Amounts falling due within one year	16	(1,260,093)	(1,228,189)	
NET CURRENT ASSETS			24,816,005	23,055,108
TOTAL ASSETS LESS CURRENT LIABILITIES			62,183,111	61,134,293
CREDITORS: Amounts falling due after more than one year	17		(1,778,326)	(2,065,054)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES				
Scottish housing association pension scheme	19	-	(1,164,000)	
			-	(1,164,000)
DEFERRED INCOME				
Social housing grants	20	(25,918,925)	(26,477,206)	
Other grants	20	(31,472)	(35,407)	
			(25,950,397)	(26,512,613)
NET ASSETS			34,454,388	31,392,626
EQUITY				
Share capital	21		153	159
Revenue reserves			34,454,235	32,556,467
Pension reserves			-	(1,164,000)
			34,454,388	31,392,626

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 23 June 2020.

Committee Member

Committee Member

Secretary

GLASGOW WEST HOUSING ASSOCIATION LIMITED

The notes on pages 13 to 34 form an integral part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019
		£	£	£
Surplus for the Year			1,976,768	1,160,600
<i>Adjustments for non-cash items:</i>				
Depreciation of tangible fixed assets	11	1,208,635	1,231,904	
Increase/decrease in provisions		-	-	
Gain on disposal of tangible fixed assets		(164,261)	(43,300)	
Non-cash adjustments to pension provisions		(79,000)	(97,000)	
Share capital written off	21	(10)	(23)	
Interest payable	8		37,070	1,331
Operating cash flows before movements in working capital			1,814,732	1,150,338
Change in debtors		(101,799)	(28,035)	
Change in creditors		49,691	39,925	
Net cash inflow from operating activities			1,762,624	1,162,228
Investing Activities			(52,108)	11,890
Acquisition and construction of properties		(539,561)	(549,275)	
Purchase of other fixed assets		(14,539)	(22,197)	
Social housing grant received		342,143	627,862	
Social housing grant repaid		(21,914)	-	
Changes on short term deposits with banks		(1,513,368)	(2,994,368)	
Proceeds on disposal of housing properties		139,674	43,300	
Proceeds on disposal of other tangible assets		82,131	-	
Net cash outflow from investing activities			(1,525,434)	(2,894,678)
Financing Activities				
Interest received on cash and cash equivalents		251,703	192,766	
Interest paid on loans		(37,070)	(1,331)	
Loan principal repayments		(304,515)	(161,319)	
Share capital issued	21	4	5	
Net cash (outflow) / inflow from financing activities			(89,878)	30,121
Increase/(decrease) in cash	22		147,312	(1,702,329)

Opening cash & cash equivalents Closing cash & cash equivalents

Cash and cash equivalents as at 31 March

Cash	1,114,242	966,930
	1,114,242	966,930
The notes on pages 13 to 34 form an integral part of these financial statements.	966,930	2,669,259
	<u>1,114,242</u>	<u>966,930</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

	Share Capital	Strathclyde Pension Reserve	Scottish Housing Pension reserve	Revenue Reserve	Total
	£	£	£	£	£
Balance as at 1 April 2018	177	202,000	-	30,654,592	30,856,769
Issue of Shares	5	-	-	-	5
Cancellation of Shares	(23)	-	-	-	(23)
Other comprehensive income	-	-	(624,725)	-	(624,725)
Other movements	-	(202,000)	(539,275)	741,275	-
Surplus for the year	-	-	-	1,160,600	1,160,600
Balance as at 31 March 2019	159	-	(1,164,000)	32,556,467	31,392,626
Balance as at 1 April 2019	159	-	(1,164,000)	32,556,467	31,392,626
Issue of Shares	4	-	-	-	4
Cancellation of Shares	(10)	-	-	-	(10)
Other comprehensive income	-	60,000	1,025,000	-	1,085,000
Other movements	-	(60,000)	139,000	(79,000)	-
Surplus for the year	-	-	-	1,976,768	1,976,768
Balance as at 31 March 2020	153	-	-	34,454,235	34,454,388

The notes on pages 13 to 34 form an integral part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below.

Basis of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 99 of the Co-operative and Community Benefit Societies Act 2014. The financial statements for Glasgow West Housing Association Limited present information about it as an individual undertaking and not about the group.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Association participates in the Strathclyde Pension Fund a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

The Association previously participated in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association moved to the SHAPS defined contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Going Concern

On the basis that the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

GLASGOW WEST HOUSING ASSOCIATION LIMITED

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
Roof	Over 50 years
Structure	Over 50 years
Cladding	Over 40 years
Central Heating System	Over 30 years
Doors	Over 30 years
Rewiring	Over 30 years
Bathrooms	Over 25 years
Windows	Over 25 years
Boilers	Over 15 years
Kitchens	Over 15 years

Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	4%
Fixtures and Fittings	20%
Computer Equipment	33%

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

Although social housing grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche shared ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the statement of recommended practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the statement of comprehensive income.

Disposals under shared equity schemes are accounted for in the statement of comprehensive income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received. **Taxation**

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

GLASGOW WEST HOUSING ASSOCIATION LIMITED

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Service Charge Sinking Funds

The Association receives a service charge from owner occupiers to fund future planned maintenance, cyclical maintenance and car park costs. In accordance with the Statement of Recommended Practice the balance of unspent service income is included as a liability where amounts are repayable or contributions are reduced.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

Property developments that are intended for resale are included in current assets until disposal.

VAT

The Association is VAT registered but a large proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the the Association to exercise judgement in applying its

GLASGOW WEST HOUSING ASSOCIATION LIMITED

accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

Key Judgements

a) Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Management Committee considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

Accounting entries in respect of transactions regarding the Strathclyde Pension Scheme within the financial statements are based on the actuary's report on the scheme. The actuary has a number of assumptions in their calculations and details of any key assumptions are included within the notes to the financial statements.

Estimation Uncertainty

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action. **b) Life**

Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns. **e) Defined pension liability**

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

f) Allocation of share of assets and liabilities for multi employer schemes

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by the Pensions Trust in respect of the Scottish Housing Association Pension Scheme.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

		Operating			Operating		
	Notes	Turnover	Operating costs	surplus / (deficit)	Turnover	Operating costs	surplus / (deficit)
		£	£	£	£	£	£
Affordable letting activities	3	7,531,029	5,825,577	1,705,452	7,341,204	6,338,705	1,002,499
Other Activities	4	189,628	190,075	(447)	181,111	198,355	(17,244)
Total		7,720,657	6,015,652	1,705,005	7,522,315	6,537,060	985,255

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General			
	Needs	Shared	2020	2019
	Housing	Ownership	Total	Total
	£	£	£	£
Revenue from Lettings				
Rent receivable net of service charges	6,454,378	5,628	6,460,006	6,316,916
Service charges receivable	196,979	-	196,979	188,334
Gross income from rent and service charges				
Less: Rent losses from voids				
Income from rents and service charges				
Grants released from deferred income				

Total turnover from affordable letting activities

Expenditure on affordable letting activities

6,651,357	5,628	6,656,985	6,505,250
38,723	-	38,723	74,454
6,612,634	5,628	6,618,262	6,430,796
911,199	1,568	912,767	910,408
7,523,833	7,196	7,531,029	7,341,204
2,721,880	-	2,721,880	2,603,454
279,823	-	279,823	253,980
703,583	-	703,583	1,231,484
910,543	-	910,543	1,037,353
35,608	-	35,608	14,553
1,171,651	2,489	1,174,140	1,197,881
5,823,088	2,489	5,825,577	6,338,705

Management and maintenance administration costs	1,700,745	4,707	1,705,452	1,002,499
Service costs				
Planned and cyclical maintenance, including major repairs				
Reactive maintenance costs	999,619	2,880		
Bad Debts - rents and service charges				
Depreciation of affordable let properties				

Operating costs of affordable letting activities

Operating surplus on affordable letting activities

2019

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants			Operating	Other	Operating	Operating
	from		Total	costs -	operating	surplus	surplus
	Scottish	Other	Turnover	costs -	costs	/ (deficit)	/ (deficit)
	Ministers	income		bad debts		2020	2019
	£	£	£	£	£	£	£
Investment property activities	-	46,655	46,655	-	14,982	31,673	30,531
Uncapitalised development administration costs	-	-	-	-	59,402	(59,402)	(56,242)
Other activities	2,755	140,218	142,973	-	115,691	27,282	25,485
Rechargeable Repairs	-	-	-	-	-	-	(17,018)
Total From Other Activities	2,755	186,873	189,628	-	190,075	(447)	(17,244)
2019	2,619	178,492	181,111	17,018	181,337	(17,244)	

GLASGOW WEST HOUSING ASSOCIATION LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2020	2019
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.	77,475	
		69,044
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	7,689	
		77,475
Pension contributions made on behalf on Officers with emoluments greater than £60,000		6,840
	7,689	
Emoluments payable to Chief Executive (excluding pension contributions)		89,465
Pension contributions paid on behalf of the Chief Executive	85,164	-
Total emoluments payable to the Chief Executive		<u>89,465</u>
	182,945	89,465
Total emoluments paid to key management personnel		208,029

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	1	1

6. EMPLOYEE INFORMATION

	2020	2019
	No.	No.
Average monthly number of full time equivalent persons employed during the year	56	54
Average total number of employees employed during the year	61	57
Staff costs were:	£	£
Wages and salaries	1,820,272	1,746,513
National insurance costs	160,842	147,895
Pension costs	153,057	144,326

GLASGOW WEST HOUSING ASSOCIATION LIMITED

Temporary, agency and seconded staff	41,568	35,486
	2,175,739	2,074,220

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. GAIN ON SALE OF HOUSING STOCK

	2020	2019
	£	£
Sales proceeds	238,000	43,300
Cost of sales	155,870	-
Gain on sale of housing stock	82,130	43,300

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£	£
On bank loans and overdrafts	37,070	38,721

9. SURPLUS FOR THE YEAR

	2020	2019
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,208,635	1,231,904
(Loss) on component disposals	384	-
Auditors' remuneration - audit services	13,980	13,560
Gain on sale of other non-current assets	(82,131)	(43,300)

10. OTHER FINANCE INCOME / (CHARGES)

	2020	2019
	£	£
Net interest on pension obligations	(25,000)	(22,000)

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS				
(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
At 1 April 2019	59,075,932	2,160,376	124,487	61,360,795
Additions	-	539,561	-	539,561
Disposals	(68,971)	-	-	(68,971)
At 31 March 2020	59,006,961	2,699,937	124,487	61,831,385
DEPRECIATION				
At 1 April 2019	23,566,880	-	57,803	23,624,683
Charge for Year	1,171,267	-	2,489	1,173,756
Disposals	(11,427)	-	-	(11,427)
At 31 March 2020	24,726,720	-	60,292	24,787,012
NET BOOK VALUE				
At 31 March 2020	34,280,241	2,699,937	64,195	37,044,373
At 31 March 2019	35,509,052	2,160,376	66,684	37,736,112
	2020		2019	
	<i>Component replacement</i>	<i>Improvement</i>	<i>Component replacement</i>	<i>Improvement</i>
Expenditure on Existing Properties	£	£	£	£
Amounts capitalised	24,738	514,823	175,169	320,935
Amounts charged to the statement of comprehensive income	57,807	1,578,282	-	2,268,837

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £nil (2019 - £nil).

The Association's lenders have standard securities over housing property with a carry value of £9,439,093 (2019 £11,220,959).

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Computer Equipment £	Total £
COST				
At 1 April 2019	512,423	10,011	35,409	557,843
Additions	-	-	14,539	14,539
At 31 March 2020	512,423	10,011	49,948	572,382
DEPRECIATION				
At 1 April 2019	491,926	6,066	20,779	518,771
Charge for year	20,497	1,473	12,909	34,879
At 31 March 2020	512,423	7,539	33,688	553,650
NET BOOK VALUE				
At 31 March 2020	-	2,472	16,260	18,732
At 31 March 2019	20,497	3,945	14,630	39,072

12. FIXED ASSET INVESTMENTS

	2020 £	2019 £
Subsidiary undertaking	1	1
Investment properties	304,000	304,000
	304,001	304,001

Glasgow West Housing Association Limited has the following wholly owned subsidiary undertaking. The registered office of the subsidiary is 5 Royal Crescent, Glasgow, G3 7SL. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

	2020		2019	
	<i>Reserves</i> £	<i>(Loss)</i> £	<i>Reserves</i> £	<i>(Loss)</i> £
Glasgow West Enterprises Limited	75,267	63,550	11,717	11,716

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

During the year, Glasgow West Housing Association Limited received management fees from Glasgow West Enterprises Limited amounting to £115,691 (2019 - £110,959).

Glasgow West Housing Association Limited incurred expenditure on behalf of Glasgow West Enterprises Limited amounting to £230,104 (2019 - £320,079).

Glasgow West Enterprises Limited collected receipts on behalf of Glasgow West Housing Association Limited amounting to £12,558 (2019 - £3,074).

Glasgow West Housing Association Limited collected receipts on behalf of Glasgow West Enterprises Limited amounting to £Nil (2019 - £23,761).

Glasgow West Enterprises Limited repaid £237,000 (2019 - £419,770) to Glasgow West Housing Association Limited.

Glasgow West Enterprises Limited agreed to donate £63,550 (2019 - £11,716) to Glasgow West Housing Association Limited, which was paid after the year end.

The amount due to Glasgow West Housing Association Limited from Glasgow West Enterprises Limited at the statement of financial position date was £203,398 (2019 - £82,046).

Investment Properties

	2020	2019
	£	£
At 1 April 2019 and 31 March 2020	304,000	304,000

Commercial properties were valued by an independent professional adviser DVS on 31 March 2015 in accordance with the appraisal and valuation manual of the RICS. Commercial properties are subject to valuation at least every five years. No further revision was considered appropriate in the year 2020.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31

MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. RECEIVABLES

	2020	2019
	£	£
Gross arrears of rent and service charges	107,379	113,500
Less: Provision for doubtful debts	(68,076)	(61,392)
<i>Net arrears of rent and service charges</i>	39,303	52,108
Social housing grant receivable	30,322	-
Other receivables	200,339	207,087
Amounts due from group undertaking	203,398	82,046
	473,362	341,241

14. CURRENT ASSET INVESTMENTS

	2020	2019
	£	£
Short term deposits	24,488,494	22,975,126
	24,488,494	22,975,126

15. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank and in hand	1,114,242	966,930
	1,114,242	966,930

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

2020	2019
£	£

Bank loans	143,533	161,320
Trade payables	172,147	392,178
Rent received in advance	467,960	455,116
Other taxation and social security	47,926	45,304
Other payables	90,807	84,659
Accruals and deferred income		

	337,720	89,612
	<u>1,260,093</u>	<u>1,228,189</u>

17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Bank loans	1,778,326	2,065,054
	1,778,326	2,065,054

18. DEBT ANALYSIS - BORROWINGS

	2020	2019
	£	£
Bank Loans		
Amounts due within one year	143,533	161,320
Amounts due in one year or more but less than two years	143,533	161,320
Amounts due in two years or more but less than five years	430,599	483,960
Amounts due in more than five years	1,204,194	1,419,774
	1,921,859	2,226,374

The Association has a number of bank loans the principal terms of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
RBS	60	1.9%	2034	Variable
Nationwide Building Society	39	1.3%	2032	Variable
Scottish Building Society	31	0.5%	2029	Variable

All the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Glasgow West Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

In 2019 the Pensions Trust, the administrator of the Scheme developed a method of determining the share of assets and liabilities for individual employers. This method was adopted by the Association in 2019 and resulted in an adjustment to the opening pension liability recognised in the statement of financial position of £(498,725).

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2020	2019
	£	£
Fair value of plan assets	5,652,000	4,968,000
Present value of defined benefit obligation	5,649,000	6,132,000
Surplus / (deficit) in plan	3,000	(1,164,000)
Unrecognised surplus	(3,000)	-
Defined benefit asset / (liability) to be recognised	-	(1,164,000)

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation	2020	2019
	£	£
Defined benefit obligation at the start of period	6,132,000	6,218,000
Expenses	5,000	5,000
Interest expense	142,000	153,000
Actuarial losses (gains) due to scheme experience assumptions	234,000	(57,000)
	(35,000)	16,000
Actuarial losses (gains) due to changes in financial assumptions	(730,000)	430,000
Benefits paid and expenses	(99,000)	(633,000)
Defined benefit obligation at the end of period	5,649,000	6,132,000

Reconciliation of opening and closing balances of the fair value of plan assets

	2020	2019
	£	£
Fair value of plan assets at start of period	4,968,000	5,083,000
Interest income	117,000	126,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	497,000	227,000
Contributions by the employer	169,000	165,000
Benefits paid and expenses	(99,000)	(633,000)
Fair value of plan assets at the end of period	5,652,000	4,968,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £614,000.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2020	2019
	£	£
Expenses	5,000	5,000

GLASGOW WEST HOUSING ASSOCIATION LIMITED

Net interest expense	25,000	27,000
Defined benefit costs recognised in statement of comprehensive income	30,000	32,000

Defined benefit costs recognised in the other comprehensive income

	2020	2019
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	497,000	227,000
Experience gains and losses arising on plan liabilities - gain /(loss)	(234,000)	57,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	35,000	(16,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	730,000	(430,000)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	1,028,000	(162,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	(3,000)	-
Total amount recognised in other comprehensive income - gain / (loss)	1,025,000	(162,000)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.) Assets

	2020	2019	2018
	£	£	£
Absolute Return	347,000	421,000	603,000
Alternative Risk Premia	453,000	278,000	192,000
Corporate Bond Fund	413,000	348,000	355,000
Credit Relative Value	136,000	86,000	-
Distressed Opportunities	103,000	85,000	23,000
Global Equity	777,000	799,000	915,000
Infrastructure	333,000	208,000	93,000
Insurance-Linked Securities	152,000	129,000	139,000
Liability Driven Investment	1,488,000	1,768,000	1,790,000
Long Lease Property	138,000	60,000	-
Net Current Assets	43,000	5,000	9,000
Over 15 Year Gilts	72,000	128,000	164,000
Private Debt	112,000	64,000	47,000
Property	105,000	99,000	201,000
Risk Sharing	179,000	144,000	46,000

GLASGOW WEST HOUSING ASSOCIATION LIMITED

Secured Income	314,000	173,000	186,000
Opportunistic Illiquid Credit	138,000	-	-
Liquid Credit	148,000	-	-
 Total assets	 5,652,000	 4,968,000	 5,083,000

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

Key Assumptions

	2020	2019	2018
Discount Rate	2.4%	2.3%	2.6%
Inflation (RPI)	2.6%	3.3%	3.2%
Inflation (CPI)	1.6%	2.3%	2.2%
Salary Growth	2.6%	3.3%	3.2%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance		

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	24.5

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme

The Association operates a defined benefit scheme as an admitted body under the Strathclyde Pension Fund, the assets of which are held in a separate trustee administered fund.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Males	Females
(Years)	(Years)

Current Pensioners	20.7	22.9
Future Pensioners	22.2	24.6

Principal Actuarial Assumptions

Assumptions as at 31 March	2020 %p.a.	2019 %p.a.	2018 %p.a.
Pension Increase Rate (CPI)	1.90	2.5%	2.4%
Salary Increase Rate	3.00	3.7%	3.6%
Discount Rate	2.30	2.4%	2.7%

Members of the Scheme

	2020 No.	2019 No.	2018 No.
Employee members	9	9	9
Deferred pensioners	-	-	-
Pensioners	3	3	3
	12	12	12

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period as follows:

Asset Class	2020 % p.a.	2019 % p.a.	2018 % p.a.
Equities	59%	64%	70%
Bonds	26%	24%	18%
Property	13%	10%	11%
Cash	2%	2%	1%
Total	100%	100%	100%

Mortality Rates

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2016 model with an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme (continued)

Net Pension Liability	2020 £	2019 £
Fair value of employer's assets	2,358,000	2,626,000
Present value of scheme liabilities	(2,358,000)	(2,626,000)

Reconciliation of fair value of employer assets

	2020	2019
	£	£
Opening fair value of employer assets	2,626,000	2,471,000
Expected return on assets	64,000	67,000
Contributions by members	15,000	15,000
Contributions by the employer	53,000	56,000
Actuarial gains / (losses)	(177,000)	81,000
Estimated benefits paid	(38,000)	(45,000)
Surplus on assets not recognised	(185,000)	(19,000)
	2,358,000	2,626,000

Reconciliation of defined benefit obligations

	2020	2019
	£	£
Opening defined benefit obligation	2,626,000	2,269,000
Current service cost	113,000	97,000
Interest cost	64,000	62,000
Contributions by members	15,000	15,000
Actuarial gains / (losses)	(422,000)	228,000
Estimated benefits paid	(38,000)	(45,000)
	2,358,000	2,626,000

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)**19. RETIREMENT BENEFIT OBLIGATIONS (continued)****Strathclyde Pension Fund Defined Benefit Scheme (continued)****Analysis of amount charged to the statement of comprehensive income**

	2020	2019	2018
	£	£	£
Charged to operating costs:			
Service cost	113,000	97,000	106,000
	113,000	97,000	106,000
Charged to other finance costs / (income)			
Expected return on employer assets	(64,000)	(67,000)	(61,000)
Interest on pension scheme liabilities	64,000	62,000	78,000

		(5,000)	17,000
Net charge to the statement of comprehensive income		92,000	123,000
Actuarial gain / (loss) recognised in other comprehensive income	113,000		

	2020	2019	2018
	£	£	£
Actuarial gain/(loss) recognised in year		(147,000)	878,000
Restriction on surplus	245,000		-
Cumulative actuarial gains	(185,000)	19,000	—
	60,000	(128,000)	878,000

Analysis of projected amount to be charged to the statement of comprehensive income for the year ended 31 March 2021

	£	% of pay
Projected current service cost	92,000	(37)
Interest on obligation	55,000	(22)
Expected return on plan assets	(59,000)	24
	88,000	(36)

Contributions made by the Association for the year ended 31 March 2021 are estimated to be approximately £62,000.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

20. DEFERRED INCOME

	Social Housing Grants	Non Housing Grants	Total
	£	£	£
Capital grants received			
At 1 April 2019	47,873,675	98,358	47,972,033
Additions in the year	372,465	-	372,465
Eliminated on disposal	(35,345)	-	(35,345)
At 31 March 2020	48,210,795	98,358	48,309,153
Amortisation			
At 1 April 2019	21,396,469	62,951	21,459,420
Amortisation in year	908,832	3,935	912,767
Eliminated on disposal	(13,431)	-	(13,431)
At 31 March 2020	22,291,870	66,886	22,358,756
Net book value			
At 31 March 2020	25,918,925	31,472	25,950,397
At 31 March 2019	26,477,206	35,407	26,512,613

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

2020	2019
-------------	-------------

	£	£
Amounts due within one year	912,767	910,408
Amounts due in more than one year	25,037,630	25,602,205
	25,950,397	26,512,613

21. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2020	2019
	£	£
At 1 April	159	177
Issued in year	4	5
Cancelled in year	(10)	(23)
At 31 March	<u>153</u>	<u>159</u>

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.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

22. CASH FLOWS

Reconciliation of net cash flow to movement in net funds

	£	2020 £	£	2019 £
Increase / (decrease) in cash	147,312	(1,702,329)		
Change in liquid resources	1,513,368	-		
Cashflow from change in net debt	304,515	3,155,687		
Movement in net funds in the year		1,965,195		1,453,358
Net funds at 1 April		21,715,682		20,262,324
Net funds at 31 March		<u>23,680,877</u>		<u>21,715,682</u>

Analysis of changes in net funds

	01 April 2019 £	Cashflows £	Changes £	31 March 2020 £
Cash and cash equivalents	966,930	147,312	-	1,114,242
Liquid resources	22,975,126	1,513,368	-	24,488,494
Debt: Due within one year	(161,320)	304,515	(286,728)	(143,533)
Due after more than one year	(2,065,054)	-	286,728	(1,778,326)
Net funds	<u>21,715,682</u>	1,965,195	-	<u>23,680,877</u>

23. CAPITAL COMMITMENTS

	2020	2019
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	139,373	244,147

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

24. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 5 Royal Crescent, Glasgow, G3 7SL.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Glasgow.

25. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £66 (2019 - £123) in the year by way of reimbursement of expenses. No remuneration is paid to members in respect of their duties to the Association.

GLASGOW WEST HOUSING ASSOCIATION LI

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

26. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2020 No.	2019 No.
General Needs - New Build	228	228
Shared ownership	2	2
General Needs - Rehabilitation		
	1,260	1,261
	1,490	1,491

27. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members (and their close family) were as follows:

	2020 £	2019 £
Rent received from tenants on the Management Committee and their close family members	37,403	22,538
Factoring charges received from factored owners on the Management Committee and their close family members	677	672

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £Nil (2019 - £Nil).

At the year end total factoring arrears owed by owner occupiers on the Management Committee (and their close family) were £Nil (2019 - £Nil).

Members of the Management Committee who are tenants	8	5
Members of the Management Committee who are owner occupiers	1	1

28. NON ADJUSTING POST BALANCE SHEET EVENT

At the time of approving the financial statements, the United Kingdom is impacted by the Coronavirus pandemic. The Association is monitoring the position and updating its plans accordingly. Like most RSL's, however, the virus is likely to impact the Association's activities.