



**Alexander Sloan**  
Accountants and Business Advisers

# **Glasgow West Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31 March 2018**

**Registered Housing Association No. HEP126**

**FCA Reference No. 1955R(S)**

**Scottish Charity No. SCO01667**

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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## MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2018

### MANAGEMENT COMMITTEE

Steve Jenkins	Chairperson
Yushin Toda	Vice Chairperson
James Michael	Secretary
Joginder Makar	Treasurer
Moira Wadsworth	
Hanif Mirza	
Margaret Semple	
Susan Mosedale	Appointed 26.6.17
Joe Heaney	Appointed 26.6.17
Mirosława Trzeciak	Appointed 26.6.17
Nina MacNeill	Appointed 26.6.17
Tony Keane	Casual Member
Shona Carmichael	Appointed 26.6.17: Resigned 29.08.17

### EXECUTIVE OFFICERS

Linda Reid	Chief Executive
Elaine Travers	Services Director
Anne Allan	Corporate Director
Ruth Brogan	New Business Director - Resigned 30.11.17

### REGISTERED OFFICE

5 Royal Crescent  
Glasgow  
G3 7SL

### EXTERNAL AUDITORS

Alexander Sloan  
Chartered Accountants  
180 St Vincent Street  
Glasgow  
G2 5SG

### INTERNAL AUDITORS

Quinn Internal Audit Services Ltd  
55 Lady Place  
Livingstone  
West Lothian  
EH54 6TB

### BANKERS

Clydesdale Bank  
326 Byres Road  
Glasgow  
G12 8AN

### SOLICITORS

TC Young  
7 West George Street  
Glasgow  
G2 1BA

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2018.

### **Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1955R(S). The Association is governed under its Rule Book. The Association is 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**

Members of the Management Committee are satisfied with the continued steady performance and state of affairs. Performance for the year was consistent with forecasts. The surplus for the year will be held in reserves to fund the Major Repairs programme. Net current assets now stand at £21.7m.

As we approach our 40th anniversary in July 2018, we continue to shape local services and help meet the needs of individuals and communities. Progression towards our 2020/2028 Vision continues at an appropriate pace; as we move beyond embedding the stock transfers from Glasgow Housing Association and make significant investment in our stock and services.

As ever we have had a year of challenges, opportunities and learning. This time last year, we were all shocked by the tragedy at Grenfell Tower. Our immediate response was to undertake a review of the cladding and external wall insulation installed in our properties and offer reassurance that our properties have approved building warrants that meet the Scottish Building Standard Technical Regulations. In parallel, we reviewed all our fire safety measures and confirmed robust, routine, diligence and ongoing awareness.

We continue our endeavours to deliver SHQS (Scottish Housing Quality Standards) , the minimum property standard set by the Scottish Government for all social housing and the GWHQS (Glasgow West Housing Quality Standards) , which enhances the SHQS. With completion of the phase 1 (Anderston) stonework project, and modernisation of internal fixtures and fittings, and enhanced energy efficiency measures, an additional 52 properties now meet the SHQS, delivering 84% compliance at the year end. Prudent investment of tenants' rent remains a key priority, with £440k in efficiency savings and £29k community benefit commitments achieved through the robust procurement of projects including lift renewals and kitchen and bathroom replacements that will be delivered in 2018/19.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

### Review of Business and Future Developments (Continued)

Although challenging external factors (including the Glasgow Housing Register) have temporarily impacted our performance in core service areas of void loss, re-let times and gross rent arrears, we remain in the top quartile of RSLs in Scotland, and we have ambitious plans in place to recover our journey towards Top-5 Performer. This impressive performance, particularly in rent collection, is especially welcome in the context of Welfare Reform, where GWHAs dedicated Tenancy Sustainment Team continue their endeavours to mitigate the impact of further reforms through wider support and preventative measures.

Disappointingly, for the first time in 18 years of running our Annual Tenants Conference, we had to cancel the event in January 2018, due to the extreme weather warnings from the Scottish Government. However, as always we listened to feedback from tenants and were alert to the challenges around inflation and rising utility and other costs and contained this year's increase to 3.5%.

I had hoped to report a start date for the Dover St/Breadalbane St new build project, however, as the current building market is overheated, we received tender prices well over budget. Consequently, we are working on a comprehensive design and efficiency review before retendering. The proposed new build project at Corunna Street is still subject to independent annual review of the site conditions. In partnership with Queens Cross Housing Association we are working with GCC to acquire Burnbank House to develop innovative housing for the elderly. On a positive note, the three remodelling projects are progressing at a pace, and will provide two self-contained units and 10 supported bed spaces for occupation in early 2019. We continue in our quest towards a 24/7 service through our out of hours emergency telephone contact point through our concierge team and recently restructured our staff team to ensure greater front line services and value. Other successes in enhancing services this year, include a partnership with Our Power, our partnership with HSCP our trainee and apprentice programmes and bespoke visits to all tenants over 75 years old.

In partnership, with GCC and other local housing associations, we were delighted to welcome the eventual launch of the common housing register; with on-line applications for housing, through the Glasgow Housing Register (North West Pilot), in April 2017. Unfortunately, due to the overwhelming demands on our resources and that of other Housing Associations, this service has been temporarily suspended to allow some time for system modifications that will ensure a more efficient and sustainable service is relaunched. In the meantime, applicants are able to apply directly to GWHAs for rehousing.

Prudent management and sound fiscal planning have ensured continued strong financial performance. Through our efficiency strategy, we are constantly improving how we capture our culture of continuous improvement, value and efficiency, which drives our operations and service delivery. These high governance standards were validated through our Low Engagement designation with Scottish Housing Regulator and an independent audit in March 2018, which recorded 100% compliance with Scottish Housing Regulator's Regulatory Framework: 86% very good (highest of 5 ratings) and 14% good (second highest).

Not unusually for GWHAs, at last year's AGM, there was a ballot for the election of Committee members and the opportunity for members to ensure the profile of the Committee reflects the membership and the wider community. GWHAs has a good balance between long serving members and new members. Having previously participated in the Committee Training Forum, our new members have all hit the ground running and been a great asset to our governance.

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. This is a sound platform for delivering GWHAs vision and mission through sustainable corporate strategies supporting and delivering Service Enhancement, Robust Governance and Optimum Performance.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

### 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 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 require 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;
- 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- 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 2014 and the Determination of Accounting Requirements 2015. They are 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

### 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 reliability of financial information used within the Association, or for publication;
- 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 mis-statement 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 rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of 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 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 receive 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 2018. 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.

### Donations

During the year the Association made charitable donations amounting to £118 (2017 - £550).

### Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

### By order of the Management Committee

### JAMES MICHAEL

Secretary  
19 June 2018

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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## 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 Auditing Practices Board. 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 within 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



**Alexander Sloan**  
Accountants and Business Advisers



# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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## 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 2018 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 Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

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 surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

### 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
- 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.

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

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

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.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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

### 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### ALEXANDER SLOAN

Accountants and Business Advisers  
Statutory Auditors  
GLASGOW



Alexander Sloan  
Accountants and Business Advisers

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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

	Notes	2018	2017
		£	£
<b>REVENUE</b>	2	7,312,772	7,180,367
Operating Costs	2	(6,015,981)	(5,691,460)
<b>OPERATING SURPLUS</b>		1,296,791	1,488,907
Gain On Sale Of Housing Stock	7	37,993	328,934
Exceptional Item	26	-	139,085
Defined Benefit Pension Scheme - Other Finance Loss	24	(17,000)	(9,000)
Interest Receivable and Other Income		162,925	206,877
Interest Payable and Similar Charges	8	(32,221)	(35,672)
Other Finance Charges	10	(2,049)	(50,639)
		149,648	579,585
<b>SURPLUS FOR THE YEAR</b>	9	<b>1,446,439</b>	<b>2,068,492</b>
Other Comprehensive Income / (Expenditure)	25	676,000	(338,000)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,122,439</b>	<b>1,730,492</b>

All amounts relate to continuing operations

The notes on pages 13 to 29 form part of these financial statements.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	£	2018 £	£	2017 £
<b>NON-CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	11 (a)		38,384,718		39,378,631
Other Non-current Assets	11 (b)		50,898		74,114
			<u>38,435,616</u>		<u>39,452,745</u>
<b>INVESTMENTS</b>					
Investment in subsidiaries	23	1		1	
Investment properties	23	304,000		304,000	
			<u>304,001</u>		<u>304,001</u>
<b>CURRENT ASSETS</b>					
Receivables	13	393,725		972,725	
Investments	23	19,980,758		19,142,998	
Cash at bank and in hand		2,669,259		1,757,831	
		<u>23,043,742</u>		<u>21,873,554</u>	
<b>CREDITORS: Amounts falling due within one year</b>	14	(1,348,777)		(1,562,477)	
<b>NET CURRENT ASSETS</b>			<u>21,694,965</u>		<u>20,311,077</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>60,434,582</u>		<u>60,067,823</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15		(2,702,135)		(3,022,523)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Other Provision	25	-		(615,000)	
				<u>(615,000)</u>	
<b>DEFERRED INCOME</b>					
Social Housing Grants	17	(26,836,336)		(27,652,668)	
Other Grants	17	(39,342)		(43,277)	
			<u>(26,875,678)</u>		<u>(27,695,945)</u>
<b>NET ASSETS</b>			<u><b>30,856,769</b></u>		<u><b>28,734,355</b></u>
<b>EQUITY</b>					
Share Capital	18		177		202
Revenue Reserves			30,856,592		28,734,153
			<u><b>30,856,769</b></u>		<u><b>28,734,355</b></u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 19 June 2018.

**Chairperson**

**Vice Chairman**

**Secretary**

The notes on pages 13 to 29 form part of these financial statements.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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

	Notes	2018	2017
		£	£
<b>Net cash inflow from operating activities</b>	16	1,596,271	2,376,826
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(342,625)	(1,378,593)	
Purchase of Other Fixed Assets	(4,488)	(16,090)	
Social Housing Grant Received	454,253	1,310,688	
Changes on short term deposits with banks	(837,760)	(2,930,398)	
Proceeds on Disposal of Properties	76,924	336,688	
<b>Net cash outflow from investing activities</b>		(653,696)	(2,677,705)
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents	162,925	206,877	
Interest Paid on Loans	(32,221)	(35,672)	
Loan Principal Repayments	(161,863)	(161,259)	
Share Capital Issued	12	13	
<b>Net cash (outflow) / inflow from financing activities</b>		(31,147)	9,959
<b>Increase / (decrease) in cash</b>		911,428	(290,920)
<b>Opening Cash &amp; Cash Equivalents</b>		1,757,831	2,048,751
<b>Closing Cash &amp; Cash Equivalents</b>		<b>2,669,259</b>	<b>1,757,831</b>
<b>Cash and Cash equivalents as at 31 March</b>			
Cash		2,669,259	1,757,831
		<b>2,669,259</b>	<b>1,757,831</b>

The notes on pages 13 to 29 form part of these financial statements.

## GLASGOW WEST HOUSING ASSOCIATION LIMITED

### STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
<b>Balance as at 31 March 2016</b>	953	27,003,661	27,004,614
Issue of Shares	13	-	13
Cancellation of Shares	(764)	-	(764)
Other comprehensive income - pension scheme	-	(338,000)	(338,000)
Surplus for the year	-	2,068,492	2,068,492
<b>Balance as at 31 March 2017</b>	<b>202</b>	<b>28,734,153</b>	<b>28,734,355</b>
<b>Balance as at 1 April 2017</b>	202	28,734,153	28,734,355
Issue of Shares	12	-	12
Cancellation of Shares	(37)	-	(37)
Other comprehensive income - pension scheme	-	676,000	676,000
Surplus for the year	-	1,446,439	1,446,439
<b>Balance as at 31 March 2018</b>	<b>177</b>	<b>30,856,592</b>	<b>30,856,769</b>

The notes on pages 13 to 29 form part of these financial statements.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

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

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance

These financial statements were prepared in accordance with the Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014 and the Co-operative and Community Benefit Societies Act 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods beginning on or after 1 January 2015.

#### 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 it relates.

#### Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme 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. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.13A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

The Association participates in the Strathclyde Pension Fund and all retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are being made in accordance with the periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole.

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

#### Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates Housing Properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

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

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Depreciation and Impairment of Other Non-Current Assets

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

Asset Category	Depreciation Rate
Office Premises	4% Straight Line
Fixtures and Fittings	20% Straight Line
Computer Equipment	33% Straight Line

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

#### Social Housing Grant and Other Grants in Advance/Arrears

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.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

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 costs. 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 of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for 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.

#### Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying the Association's 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:

##### 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 an percentage basis split across the number of properties the Association owns.



# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### **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.

#### **Capitalisation Of Development Overheads**

Directly attributable development administration costs relating to 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 fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of

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.

#### **Key Judgements made in the application of Accounting Policies**

##### ***a) The 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 Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

##### ***c) Pension Liability***

In March 2018 the Association received details from the Pension Trust of the valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Management Committee feels this is the best available estimate of the past service liability.

#### **Financial Instruments - Basic**

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.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2018			2017		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	7,128,259	5,815,861	1,312,398	6,962,400	5,517,797	1,444,603
Other Activities	4	184,513	200,120	(15,607)	217,967	173,663	44,304
<b>Total</b>		<b>7,312,772</b>	<b>6,015,981</b>	<b>1,296,791</b>	<b>7,180,367</b>	<b>5,691,460</b>	<b>1,488,907</b>

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2018 Total £	2017 Total £
<b>Revenue from Lettings</b>				
Rent receivable net of service charges	6,104,783	5,257	6,110,040	6,012,637
Service charges receivable	186,585	-	186,585	152,822
<b>Gross income from rent and service charges</b>	<b>6,291,368</b>	<b>5,257</b>	<b>6,296,625</b>	<b>6,165,459</b>
Less: Rent losses from voids	79,271	-	79,271	119,956
<b>Net Rents Receivable</b>	<b>6,212,097</b>	<b>5,257</b>	<b>6,217,354</b>	<b>6,045,503</b>
Grants released from deferred income	910,905	-	910,905	916,897
<b>Total turnover from affordable letting activities</b>	<b>7,123,002</b>	<b>5,257</b>	<b>7,128,259</b>	<b>6,962,400</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	2,593,725	-	2,593,725	2,503,613
Service Costs	269,270	-	269,270	323,671
Planned and cyclical maintenance, including major repairs	886,197	-	886,197	782,116
Reactive maintenance costs	835,287	-	835,287	782,891
Bad Debts - rents and service charges	13,377	-	13,377	(5,411)
Depreciation of affordable let properties	1,215,515	2,490	1,218,005	1,130,917
<b>Operating costs of affordable letting activities</b>	<b>5,813,371</b>	<b>2,490</b>	<b>5,815,861</b>	<b>5,517,797</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,309,631</b>	<b>2,767</b>	<b>1,312,398</b>	<b>1,444,603</b>
<b>2017</b>	<b>1,440,261</b>	<b>4,342</b>		

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants		Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2018	Operating Surplus / (Deficit) 2017
	From Scottish Ministers	Other Income					
	£	£	£	£	£	£	£
Investment property activities	-	46,892	46,892	-	19,634	27,258	28,855
Uncapitalised development administration costs	-	-	-	-	37,159	(37,159)	(30,956)
Other activities	822	136,799	137,621	-	109,475	28,146	70,860
Rechargeable repairs - bad debts	-	-	-	33,852	-	(33,852)	(24,455)
<b>Total From Other Activities</b>	<b>822</b>	<b>183,691</b>	<b>184,513</b>	<b>33,852</b>	<b>166,268</b>	<b>(15,607)</b>	<b>44,304</b>
<b>2017</b>	<b>2,399</b>	<b>215,568</b>	<b>217,967</b>	<b>24,455</b>	<b>149,208</b>	<b>44,304</b>	

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. OFFICERS' EMOLUMENTS

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.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

2018	2017
£	£
216,649	73,596
13,485	8,194
74,515	73,596
275,689	250,869

The Association defines its' Executive team (see page 1) as "key management personnel"

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

	Number	Number
£60,001 to £70,000	1	-
£70,001 to £80,000	1	1
£80,001 to £90,000	1	-

### 6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was:

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

2018	2017
No.	No.
51	54
54	57
£	£
1,753,230	1,731,611
149,393	153,040
150,827	178,449
71,858	20,239
2,125,308	2,083,339

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. GAIN ON SALE OF HOUSING STOCK

	2018 £	2017 £
Sales Proceeds	76,924	336,688
Cost of Sales	38,931	7,754
Gain On Sale Of Housing Stock	<u>37,993</u>	<u>328,934</u>

### 8. INTEREST PAYABLE & SIMILAR CHARGES

	2018 £	2017 £
On Bank Loans & Overdrafts	<u>32,221</u>	<u>35,672</u>

### 9. SURPLUS FOR THE YEAR

	2018 £	2017 £
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,201,252	1,163,064
Auditors' Remuneration - Audit Services	13,140	12,696
Auditors' Remuneration - Other Services	3,670	4,170
(Loss) / gain on sale of fixed assets	<u>(37,993)</u>	<u>328,934</u>

### 10. OTHER FINANCE CHARGES

	2018 £	2017 £
Unwinding of Discounted Liabilities	<u>2,049</u>	<u>50,639</u>

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
<b>COST</b>				
As at 1 April 2017	59,316,477	1,496,816	182,401	60,995,694
Additions	-	342,625	-	342,625
Disposals	(512,535)	-	-	(512,535)
Transfers	57,914	-	(57,914)	-
As at 31 March 2018	<u>58,861,856</u>	<u>1,839,441</u>	<u>124,487</u>	<u>60,825,784</u>
<b>DEPRECIATION</b>				
As at 1 April 2017	21,538,757	-	78,306	21,617,063
Charge for Year	1,171,058	-	2,490	1,173,548
Transfer	25,482	-	(25,482)	-
Disposals	(349,545)	-	-	(349,545)
As at 31 March 2018	<u>22,385,752</u>	<u>-</u>	<u>55,314</u>	<u>22,441,066</u>
<b>NET BOOK VALUE</b>				
As at 31 March 2018	<u>36,476,104</u>	<u>1,839,441</u>	<u>69,173</u>	<u>38,384,718</u>
As at 31 March 2017	<u>37,777,720</u>	<u>1,496,816</u>	<u>104,095</u>	<u>39,378,631</u>

Additions to housing properties include capitalised development administration costs of £Nil (2017 - £Nil) and capitalised major repair costs to existing properties of £Nil (2017 - £460,472).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,064,109 (2017 - £2,016,168). The amount capitalised is £342,625 (2017 - £1,378,593) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £Nil (2017 - £468,444), improvements of £Nil (2017 - £142,286) and additions to Properties in the Course of Construction of £342,625 (2017 - £767,863).

The Association's Lenders have standard securities over Housing Properties with a carrying value of £11,529,896 (2017 - £11,759,132).

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>			
As at 1 April 2017	512,423	68,904	581,327
Additions	-	4,488	4,488
Eliminated on Disposals	-	(50,169)	(50,169)
As at 31 March 2018	<u>512,423</u>	<u>23,223</u>	<u>535,646</u>
<b>AGGREGATE DEPRECIATION</b>			
As at 1 April 2017	450,932	56,281	507,213
Charge for year	20,497	7,207	27,704
Eliminated on Disposals	-	(50,169)	(50,169)
As at 31 March 2018	<u>471,429</u>	<u>13,319</u>	<u>484,748</u>
<b>NET BOOK VALUE</b>			
As at 31 March 2018	<u>40,994</u>	<u>9,904</u>	<u>50,898</u>
As at 31 March 2017	<u>61,491</u>	<u>12,623</u>	<u>74,114</u>

### 12. CAPITAL COMMITMENTS

	2018 £	2017 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>1,464,034</u>	<u>148,874</u>

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

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 13. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Arrears of Rent & Service Charges	73,492	52,404
<b>Less:</b> Provision for Doubtful Debts	<u>(35,909)</u>	<u>(28,892)</u>
	37,583	23,512
Social Housing Grant Receivable	80,519	437,160
Other Receivables	181,371	291,763
Amounts Due from Group Undertakings	94,252	220,290
	<u>393,725</u>	<u>972,725</u>

## 14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Housing Loans	161,863	161,258
Trade Payables	357,316	575,742
Rent Received in Advance	432,622	457,251
Other Taxation and Social Security	37,682	37,430
Other Payables	81,102	69,902
Liability for Past Service Contributions	159,970	155,311
Accruals and Deferred Income	118,222	105,583
	<u>1,348,777</u>	<u>1,562,477</u>

At the balance sheet date there were pension contributions outstanding of £24,250 (2017 - £29,782).

## 15. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Liability for Past Service Contributions	476,305	634,225
Housing Loans	2,225,830	2,388,298
	<u>2,702,135</u>	<u>3,022,523</u>
<b>Housing Loans</b>		
Amounts due within one year	161,863	161,258
Amounts due in one year or more but less than two years	161,863	161,258
Amounts due in two years or more but less than five years	485,589	483,774
Amounts due in more than five years	1,578,378	1,743,266
	2,387,693	2,549,556
Less: Amount shown in Current Liabilities	161,863	161,258
	<u>2,225,830</u>	<u>2,388,298</u>
<b>Liability for Past Service Contributions</b>		
Amounts due within one year	159,970	155,311
Amounts due in one year or more but less than two years	164,769	157,530
Amounts due in two years or more but less than five years	311,536	476,695
	636,275	789,536
Less: Amount shown in Current Liabilities	159,970	155,311
	<u>476,305</u>	<u>634,225</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Bank of Scotland	Standard security over 42 properties	1.3%	2027	Variable
Scottish BS	Standard security over 31 properties	0.9%	2029	Variable
Nationwide	Standard security over 19 properties	1.0%	2032	Variable
Nationwide	Standard security over 20 properties	1.0%	2032	Variable
RBS	Standard security over 60 properties	1.6%	2034	Variable

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

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.51% (2017 - 1.06%).



# GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 16. STATEMENT OF CASH FLOWS

### Reconciliation of operating surplus to net cash inflow from operating activities

	2018 £	2017 £
Operating Surplus	1,296,791	1,488,907
Depreciation	1,318,337	1,163,804
Change in Provisions for liabilities and charges	61,000	19,000
Amortisation of Capital Grants	(910,905)	(916,898)
Change in debtors	222,359	678,456
Change in creditors	(372,225)	3,960
Unwinding of Discount on Pension Liability	(2,049)	(50,639)
Defined benefit pension scheme - other finance loss	(17,000)	(9,000)
Share Capital Written Off	(37)	(764)
	<u>1,596,271</u>	<u>2,376,826</u>

## 17. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Properties £	Supporting People £	Total £
<b>Social Housing Grants</b>					
As at 1 April 2017	45,270,090	1,905,073	78,393	-	47,253,556
Additions in the year	-	97,612	-	-	97,612
Eliminated on disposal of components and property	(24,836)	-	-	-	(24,836)
As at 31 March 2018	<u>45,245,254</u>	<u>2,002,685</u>	<u>78,393</u>	<u>-</u>	<u>47,326,332</u>
<b>Amortisation</b>					
As at 1 April 2017	19,566,729	-	34,159	-	19,600,888
Amortisation in year	905,402	-	1,568	-	906,970
Eliminated on disposal	(17,862)	-	-	-	(17,862)
As at 31 March 2018	<u>20,454,269</u>	<u>-</u>	<u>35,727</u>	<u>-</u>	<u>20,489,996</u>
<b>Net book value</b>					
As at 31 March 2018	<u>24,790,985</u>	<u>2,002,685</u>	<u>42,666</u>	<u>-</u>	<u>26,836,336</u>
As at 31 March 2017	<u>25,703,361</u>	<u>1,905,073</u>	<u>44,234</u>	<u>-</u>	<u>27,652,668</u>
<b>Other Grants</b>					
As at 1 April 2017	-	-	-	98,358	98,358
As at 31 March 2018	-	-	-	98,358	98,358
<b>Amortisation</b>					
As at 1 April 2017	-	-	-	55,081	55,081
Amortisation in year	-	-	-	3,935	3,935
As at 31 March 2018	-	-	-	59,016	59,016
<b>Net book value</b>					
As at 31 March 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,342</u>	<u>39,342</u>
As at 31 March 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,277</u>	<u>43,277</u>
<b>Total grants net book value as at 31 March 2018</b>	<u>24,790,985</u>	<u>2,002,685</u>	<u>42,666</u>	<u>39,342</u>	<u>26,875,678</u>
<b>Total grants net book value as at 31 March 2017</b>	<u>25,703,361</u>	<u>1,905,073</u>	<u>44,234</u>	<u>43,277</u>	<u>27,695,945</u>

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

	2018 £	2017 £
Amounts due within one year	910,905	916,898
Amounts due after more than one year	25,964,773	26,779,047
	<u>26,875,678</u>	<u>27,695,945</u>

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018 £	2017 £
As at 1 April 2017	202	953
Issued in year	12	13
Cancelled in year	(37)	(764)
At 31 March 2018	<u>177</u>	<u>202</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.

### 19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018 No.	2017 No.
General Needs - New Build	228	228
General Needs - Rehabilitation	1,260	1,265
Shared Ownership	2	2
	<u>1,490</u>	<u>1,495</u>

### 20. RELATED PARTY TRANSACTIONS

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

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection is made at arm's length and is under normal commercial terms.

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

	2018 £	2017 £
Rent received from tenants on the Management Committee and their close family members	<u>29,011</u>	<u>20,397</u>
At the year end total rent arrears and factoring owed by the tenant members on the Management Committee (and their close family) was £Nil (2017 - £Nil).		
Members of the Management Committee who are tenants	<u>7</u>	<u>7</u>
Members of the Management Committee who are owner occupiers	<u>1</u>	<u>-</u>

At the year end, the amount due from Glasgow West Enterprises Limited was £94,252 (2017 - £220,290).

### 21. 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.

### 22. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received £109 (2017 - £492) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 23. INVESTMENTS

#### Investment properties

Commercial Properties	Total
£	£
304,000	304,000

As at 31 March 2018 and 31 March 2017

Commercial properties were valued by independent professional advisers 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 current financial year.

#### Investments in Subsidiaries

2018	2017
£	£
1	1

As at 31 March 2018 and 31 March 2017

The Association has a 100% owned subsidiary, Glasgow West Enterprise Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

In the opinion of the Glasgow 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 £109,475 (2017 - £101,774).

Glasgow West Housing Association Limited incurred expenditure on behalf of Glasgow West Enterprises Limited amounting to £212,491 (2017 - £386,679).

Glasgow West Enterprises Limited collected receipts on behalf of Glasgow West Housing Association Limited amounting to £1,794 (2017 -£4,860).

Glasgow West Housing Association Limited collected receipts on behalf of Glasgow West Enterprises Limited amounting to £11,798 (2017 -£192,565).

Glasgow West Enterprises Limited repaid £438,000 (2017 - £1,009,068) to Glasgow West Housing Association Limited.

Glasgow West Enterprises Limited donated £244 (2017 - £6,204) to Glasgow West Housing Association Limited.

The amount due to Glasgow West Housing Association Limited from Glasgow West Enterprises Limited at the balance sheet date was £94,252 (2017 - £220,290).

The aggregate amount of capital and reserves and the results of Glasgow West Enterprise Limited for the year ended 31 March 2018 were as follows:

	2018	2017
	£	£
Capital & Reserves	1	1
Profit for the year	-	6,204

#### Current Asset Investments

	2018	2017
	£	£
Short term deposits	19,980,758	19,142,998

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 24. RETIREMENT BENEFIT OBLIGATIONS

#### Scottish Housing Association Pension Scheme

Glasgow West Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a funded multi-employer defined benefit scheme.

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. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

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 £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (equivalent to a past service funding level of 64.8%).

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 re-apportioned amongst the remaining employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Based on the provisional valuation, the scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £159,969 from 1 April 2018 (2017 - £155,311). Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £636,275 (2017 - £789,536). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.51% (2017 - 1.06%).

The Association made payments totalling £155,000 (2017- £140,000) to the pension scheme during the year.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 24. RETIREMENT BENEFIT OBLIGATIONS

#### 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.

Total pension contributions made by the Association for the year were £62,000 (2017 - £66,000). Gross pensionable salaries for the year were £266,000 (2017 - £269,000).

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102.

#### Employer Membership Statistics

	2018 No.	2017 No.
Employee members	9	10
Pensioners	3	3
	12	13

#### Main Categories of Plan Assets as a Percentage of Total Plan Assets

Asset Class	2018 % p.a.	2017 % p.a.
Equities	70	73
Bonds	18	12
Property	11	10
Cash	1	5
<b>Total</b>	100	100

#### Principal Actuarial Assumptions

	2018 %p.a.	2017 %p.a.
Pension increase rate	2.4	2.4
Salary increase rate	3.6	4.4
Discount rate	2.7	2.6

#### 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 males and 1.25% p.a for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.4 years	23.7 years
Future Pensioners *	23.4 years	25.8 years

\* Figures assume members aged 45 as at the last formal valuation date.

#### Historic Mortality

Life expectancy for the prior period are based on the Fund's VitaCurves with allowance for future improvements in line with the CMI2012 model assuming that the current rate of improvement has reached a peak and will converge to long term rates of 1.5% p.a for males and 1.25% p.a for females.

#### Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash post-April 2009 service.

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 24. RETIREMENT BENEFIT OBLIGATIONS

#### Analysis of amount charged to the Statement of Comprehensive Income

	2018 £000	2017 £000
Charged to operating costs:		
Service cost	106	76
Past service cost	-	-
	<u>106</u>	<u>76</u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(61)	(65)
Interest on pension scheme liabilities	78	74
	<u>17</u>	<u>9</u>
<b>Net Charge to the Statement of Comprehensive Income</b>	<u>123</u>	<u>85</u>

#### Amounts for the current and previous accounting periods:

	2018 £000	2017 £000
Fair value of employer assets	2,471	2,323
Present value of defined benefit obligations	2,269	2,938
Surplus / (deficit)	<u>202</u>	<u>(615)</u>

#### Analysis of projected amount to be charged to the Statement of Comprehensive Income for the year ended 31 March 2019

	£000	% of pay
Projected current service cost	(108)	(40)
Interest on obligation	(62)	(23)
Expected return on plan assets	67	25
	<u>(103)</u>	<u>(38)</u>

Contributions made by the Association for the year ended 31 March 2019 are estimated to be approximately £65,000 (2018 - £66,000)

#### Changes in Fair Value of Plan Assets, Defined Benefit Obligations and Net Asset/ (Liability)

	2018 £000	2017 £000
At 1 April 2017	(615)	(258)
Total Service cost	(106)	(76)
Total Net Interest	(17)	(9)
Total Defined Benefit Cost recognised in Profit and Loss	<u>(123)</u>	<u>(85)</u>
Employer Contributions	62	66
Changes in financial assumptions	159	(704)
Return on Assets, excluding amounts included in Net Interest	34	366
Other experience	685	-
Total Remeasurements noted Recognised in Other Comprehensive Income	<u>878</u>	<u>(338)</u>
At 31 March 2018	<u>202</u>	<u>(615)</u>
Total Remeasurements noted	878	(338)
Restriction of surplus recognised	(202)	-
Amount recognised in Other Comprehensive Income	<u>676</u>	<u>(338)</u>

# GLASGOW WEST HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 25 PROVISIONS FOR LIABILITIES AND CHARGES

Strathclyde Pension Fund - Net Asset/(Liability)	2018 £	2017 £
As at 1 April 2017	(615,000)	(258,000)
Decrease/(increase) in provision	615,000	(357,000)
Balance as at 31 March 2018	-	(615,000)

As the Association has no commitment to reduce future contributions nor receive refunds from the Fund, in accordance with Paragraph 28.22 of FRS 102, the surplus on the Fund has not been recognised as an asset on the Statement of Financial Position at 31 March 2018.

### 26. EXCEPTIONAL ITEM

During the 2016/17 financial year, an agreement was reached with the Scottish Government regarding HAG which was due to be repaid to them. The Scottish Government determined that these monies could be used by the Association to fund specific future developments.