

WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2014

Scottish Charity Number: SC018486
Industrial & Provident Societies Registered Number 1828R(S)

West of Scotland Housing Association Limited
Annual Report and Financial Statements
Year ending 31 March 2014

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West of Scotland Housing Association Limited
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Management Committee

Katie McLeod (Chair)
Kate Robinson (Vice Chair)
Ena Hutchison
John Loran (resigned 25 Sept 2013)
Ian McGibbon
Colin Menabney
Rab Morrow
Clare Newton
Siobhan White
Jim Hayton
Austin Hardie
May Meechan (resigned 25 Sept 2013)
Anne Reid
Ruth Simpson
Anthony Williams
John Craggs (appointed 1 April 2013)
Elaine Davidson (appointed 25 Sept 2013)

Executive Officers

Duncan McNaught	Managing Director
Carron Garmory	Director (Corporate Services)
Colin Turnbull	Director (Operations)

Company Secretary

Simon Walker

Registration Particulars

Financial Conduct Authority Industrial and Provident Societies Act 1965
(formerly Financial Services Registered number: 1828R(S)
Authority)

Scottish Housing Regulator Housing (Scotland) Act 2010
Registered number: HEP201

Scottish Charities Charity and Trustee Investment Act (Scotland) 2005
Scottish Charity Number: SC018486

Auditors

Baker Tilly UK Audit LLP
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Solicitors

Harper Macleod LLP
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

Bankers

Barclays Bank PLC
1st Floor
Aurora House
120 Bothwell Street
Glasgow
G2 7JT

West of Scotland Housing Association Limited
Trustees' Report
Year ending 31 March 2014

The Management Committee presents its report and the audited financial statements for the year ending 31 March 2014.

Overview

The Association for some time now has believed that the future for housing will be somewhat different. On 1 April 2013, we fulfilled the ambition of forming a strategic partnership and became a subsidiary of Gentoo Group, a move which will strengthen our financial security, and ensure we can continue to be a quality landlord of choice.

We continue to operate in an uncertain political and economic environment. The implications of the reduction in public expenditure, Welfare Reform, and the Scottish Social Housing Charter all have a significant impact on our business.

We now have access to greater resources, as Gentoo is more than just a housing association. As well as owning and managing 30,000 houses for social rent the Group of companies also provides care and support services; construction; design, build and maintenance; environmental sustainability; solar panels and specialist glass; property rental and sales; and rendering. Our partnership with Gentoo enables us to support the development of sustainable communities and our intention is to grow, making these innovative approaches available in Scotland and becoming a dynamic, innovative and influential part of Scottish housing.

Principal Activities

The principal activity of West of Scotland Housing Association is the provision of quality housing accommodation and assistance for the relief of those in need.

West of Scotland Housing Association Ltd is registered with the Financial Conduct Authority as a Friendly Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

Strategic Aims and Objectives

The Association is now working towards the vision to improve the Art of Living beyond our imagination. In achieving this vision, the Association aims to provide innovative and exciting communities where people want to live and thrive. Our business plan 2014/15 sets out our business objectives, which are to:

- Be the best at customer relations and meeting customer needs
- Make sure our homes are the best they can be
- Make our money go further and ensure financial security
- Develop a growth strategy to maximise our reach and influence
- Ensure everyone who works and volunteers with us is fully engaged in making a difference to other people's lives

West of Scotland Housing Association Limited
Trustees' Report
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In delivering these objectives, West of Scotland Housing Association will draw on both the Group and its own internal resources to ensure that they are delivered in a way that meets the requirements of our vision.

Financial Review

West of Scotland Housing Association Ltd made a surplus of £1.0m (2013: £1.6m) during the financial year. During the course of the year rental income, after voids, grew from £11.4m in 2012/13 to £12.0m in 2013/14.

Willowacre Trust

Our subsidiary, the Willowacre Trust, has supported West of Scotland Housing Association tenants through its charitable work for many years. The Trust continues to support the delivery of the Association's 'Building Sustainable Communities' Strategy which aligned with its own existing charitable objectives. The Trust continues to expand its range of activities by taking on the "non core landlord activities". The financial results of the Trust are consolidated with the results of the Association within the Gentoo Group accounts.

Development Activities

The first quarter of 2013/14 has seen the completion of three significant developments in Ayrshire, Lanarkshire and Glasgow.

Property Maintenance

West of Scotland seeks to maintain its properties to the highest standard and we continue to make progress towards meeting the Scottish Housing Quality Standard by 2015. To this end, the Association has a long term programme of major repairs to cover for work which has become necessary since the original developments were completed, including works required for subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. Day to day repairs and programmes of cyclical repairs are carried out so that our properties remain desirable places in which to live.

Operational Review

Corporate Governance

West of Scotland Housing Association's governing body is known as the Management Committee and they are elected by the members of the Association. It is the responsibility of the Committee to undertake the creation of the strategy, setting of policy and overall direction for the Association. They also monitor the operational activities of the Association. The members of the Management Committee are unpaid.

The Management Committee are the Association's trustees and are responsible to the wider membership as well as our regulators.

West of Scotland Housing Association Limited
Trustees' Report
Year ending 31 March 2014

The Association has an Audit Committee which meets every quarter to consider the key risk areas of the Association and receives the reports from the Association's Internal Audit department.

Corporate Issues

The way we deliver our services is underpinned by the performance of our staff and the Association remains committed to investment in staff potential. The Association working alongside Healthy Working Lives currently has the Silver Award for Health at Work. We are currently working towards achieving the Gold award.

Welfare Reform

Welfare Reform presents a huge challenge for the Association from the financial impact of bedroom tax to the introduction of Universal Credit. An action plan is being delivered to minimise and manage the impact of Welfare Reform on the Association's revenue, our tenants' disposable income and their relationships between the Association and tenants who rely on housing and other benefits. The impact of bedroom tax has been mitigated to some extent by discretionary housing payments. However, the potential impact of Universal Credit remains a challenge for the Association.

Social Housing Charter

Introduction of the Social Housing Charter is seen as an opportunity to further involve tenants and other customers in agreeing the level of service they can expect to receive. The Association intends to use the charter as a template for the continuous improvement of our services. We have established a coordinating group of staff and tenants to oversee the development of the charter. These include our approach to equalities, communication and participation, repairs, access to housing, rents and service charges and value for money.

Customer Service

In April 2014 the Association underwent an organisational restructure. This resulted in the creation of specialised teams for areas such as repairs and letting, income maximisation, planned maintenance and neighbourhoods. The new structure is designed to ensure we are responsive to our tenants and focused on providing a high level of service. The Association achieved Customer Service Accreditation in October 2012. The certification process is a robust independent validation of an organisation to ensure we provide efficient, effective customer focused services and that we are striving to improve.

Communities

We continued during 2013/14 to build on our commitment to Sustainable Communities and embed the themes within the strategy namely, Tackling Poverty, Community Education, Wellbeing, Community Safety, Fuel Poverty and Waste Management in all aspects of the Association's business.

We have continued to develop the activity within the G31 Centre, our community facility in Camlachie, and our subsidiary charity, the Willowacre Trust, which delivers our non core landlord activities. We work in partnership with a range of stakeholders across our communities to develop plans and services for the communities we serve.

West of Scotland Housing Association Limited
Trustees' Report
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The Association has been successful in securing a number of grants in 2013/14 to assist in the delivery of our Building Sustainable Communities strategy. We received funding from the Transformation Fund for 'Club 60' , a project that is key to the delivery of our Older People's Strategy. Club 60 provides assistance to older people by operating activities within our sheltered housing complexes. Our Positive Futures project received a grant towards running events for young people in a bid to tackle sectarianism and our welfare rights team was joined for the year by a graduate whose position was part funded by a grant from the Commonwealth Graduate Fund.

Finance

Each year the Management Committee approves the annual budget and rolling long term projections. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Management Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas.

Risk Management Policy

The Committee have formal risk management processes to assess business risks and implement risk management strategies. This involves identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee have reviewed the adequacy of the Association's current internal controls and review the risk register at the quarterly Audit and Performance Committee.

Rental Income

The Association's Rent Policy is a points system based on the type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The points value is reviewed annually to ensure that the rents cover the required costs.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Management Committee. In this way it manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. At 31 March 2014 the Association had £60.3m (2013: £61.8m) in loan facilities and held deposits of £11.6m (2013: £11.8m). The high deposits are as a result of the availability of the loan finance period ending in the previous financial year and this being drawn down in advance of future spend on our current developments.

General Reserves Policy

The Committee members have considered the reserves of the Association. This consideration encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. During the year revenue reserves increased to £13.4m (2013: £12.4m).

West of Scotland Housing Association Limited
Trustees' Report
Year ending 31 March 2014

The Association also has a number of other designated reserves included within revenue reserves. The purpose of these funds is detailed in the notes to these financial statements.

Sale of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

In addition the Association continues to dispose of its dispersed properties where appropriate, recognising any gain on sale in the income and expenditure account.

Employee Involvement and Health and Safety

West of Scotland Housing Association takes seriously its responsibilities to employees and as a policy, provides employees with information on matters of concern to them. It is also the policy of the Association to consult where practical, employees or their representatives, so that their views may be taken into account in making decisions likely to affect their interests.

Equality & Diversity

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities, as are those from ethnic and other minority groups. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue.

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees. The Association remains committed to the ethos of equality and diversity and this is incorporated into its policies and procedures.

Committee and Officers' Insurance

The Association maintains insurance to cover its Committee and officers against liabilities in relation to their duties on behalf of the association, as authorised by the Association's rules. In addition the Association has a professional indemnity insurance policy covering the agency work it undertakes for other Associations.

Creditor Payment Policy

The payment policy, which the Association follows, is to pay all purchases within 28 days, although some payments are settled in 14 days, and/or in accordance with creditor terms of business.

West of Scotland Housing Association Limited
Trustees' Report
Year ending 31 March 2014

Management Committee

The Management Committee of West of Scotland Housing Association at the 31 March 2014 was as follows:

Anthony Williams		1
Ena Hutchison		2
Ian McGibbon		1, 2
Katie McLeod	Chair	
Colin Menabney		1
Austin Hardie		
Rab Morrow		1, 2
Clare Newton		1, 2
Siobhan White		1
Kate Robinson	Vice Chair	
Jim Hayton		1
Anne Reid		2
Ruth Simpson		
John Craggs		
Elaine Davidson		

Sub Committee Membership

1 Audit Sub Committee

2 Tenant Advisory Group

Each member of the Committee holds one fully paid share of £1 in West of Scotland Housing Association. The executive officers of West of Scotland Housing Association hold no interest in West of Scotland Housing Association's share capital and although not having the legal status of "director" they act as executives within the authority delegated by the Committee.

West of Scotland Housing Association Limited
Trustees' Report
Year ending 31 March 2014

Executives

The Executive Officers of West of Scotland Housing Association at 31 March 2014 were as follows:

Duncan McNaught	Managing Director
Carron Garmory	Director of Finance & Corporate Services
Colin Turnbull	Director of Operations

Disclosure of Information to Auditors

Each of the trustees and executive officers has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

The Association recommends the appointment of the Gentoo Group auditors, KPMG LLP, as auditors of West of Scotland Housing Association.

On behalf of the Management Committee



Simon Walker
Company Secretary

West of Scotland Housing Association Limited
Statement of Management Committee Responsibilities
Year ending 31 March 2014

STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES

Statute 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. In preparing those financial statements the management committee is required to fulfil the following obligations:

- Select suitable accounting policies and then apply them consistently;
 - Make judgements that are reasonable and prudent;
 - State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The management committee confirms that the financial statements comply with the above requirements.

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 enables them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - April 2012 . 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.

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Committee Member: 

Date: 25/6/14

West of Scotland Housing Association Limited
Statement of Internal Financial Control
Year ended 31 March 2014

STATEMENT OF INTERNAL FINANCIAL CONTROL

The Management Committee acknowledges that it is ultimately responsible for ensuring that the Association has in place an appropriate system of controls, including financial controls, to give reasonable assurance with regard to: -

- 1.1 the reliability of financial and other information used within the Association or for publication
- 1.2 the maintenance of proper accounting records, and
- 1.3 the safeguarding of the assets against unauthorised use or disposition.

Key elements of the Association's internal financial control systems are described below which are designed to provide reasonable but not absolute assurance against material financial mis-statement or loss.

- 2.1 Adequate and effective human resource policies particularly covering the recruitment, selection and appraisal of staff and Committee.
- 2.2 Formal policies and procedures in place and regular review covering all aspects of the Association's activities.
- 2.3 Regular reporting and monitoring procedures identifying and controlling risks both at strategic and operational levels.
- 2.4 Clear strategic plans informing the organisation's direction and activities. These are supplemented by detailed financial forecasts and regularly compared with timeously produced accounts of actual performance.
- 2.5 Appropriate and clear levels of delegation covering all aspects of authorisation and approval.

On behalf of the Management Committee, the Audit Committee has assessed the effectiveness of the system of internal financial controls in existence in the Association for the year ended 31 March 2014 and until the date below. The Management Committee is not aware of any material losses, contingencies, or uncertainties resulting from weaknesses in the internal control system that require disclosure in the financial statements or in the auditors' report on the financial statements.

Committee Member: *Robert A Newton* Date: *25/6/14*

West of Scotland Housing Association Limited
Independent Auditor's Report to the Members of West of Scotland Housing Association Limited
Year ending 31 March 2014

We have audited the financial statements of West of Scotland Housing Association Limited for the year ended 31 March 2014 on pages 15 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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.

Respective responsibilities of the Management Committee and auditor

As explained more fully in the Management Committee's Responsibilities Statement, set out on page 11, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012 .

West of Scotland Housing Association Limited
Independent Auditor's Report to the Members of West of Scotland Housing Association Limited
Year ending 31 March 2014

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

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

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date *27/6/14*

West of Scotland Housing Association Limited
Income and Expenditure Account and Balance Sheet
Year ending 31 March 2014

INCOME AND EXPENDITURE ACCOUNT

	Notes	2014 £000	2013 £000
Turnover	2-3	12,392	11,870
Operating costs	2-3	(10,283)	(9,164)
Operating surplus		<u>2,109</u>	<u>2,706</u>
Gain on sale of fixed assets		307	384
Interest receivable and other income		74	136
Interest payable and similar charges	4	(1,447)	(1,619)
Surplus for the year		<u><u>1,043</u></u>	<u><u>1,607</u></u>

The results for the year relate wholly to continuing activities.

Other than the surplus for the year there have been no other recognised gains or losses.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

BALANCE SHEET

	Notes	2014 £000	2013 £000
Fixed assets			
Housing properties	8	223,282	222,540
Social housing grant	8	(163,265)	(162,680)
		<u>60,017</u>	<u>59,860</u>
LIFT loan	9	213	234
LIFT grant	9	(213)	(234)
Other tangible fixed assets	10	<u>3,110</u>	<u>3,025</u>
		<u>63,127</u>	<u>62,885</u>
Current assets			
Debtors	11	1,083	1,964
Cash at bank and in hand		<u>11,618</u>	<u>11,755</u>
		<u>12,701</u>	<u>13,719</u>
Creditors: amounts falling due within one year	12	<u>(3,228)</u>	<u>(3,864)</u>
Net current assets		<u>9,473</u>	<u>9,855</u>
Total assets less current liabilities		<u>72,600</u>	<u>72,740</u>
Creditors: amounts falling due after more than one year	13	<u>(59,093)</u>	<u>(60,276)</u>
Net assets		<u><u>13,507</u></u>	<u><u>12,464</u></u>
Capital and reserves			
Share capital	14	0	0
Designated reserves	15	101	103
Revenue reserves	16	<u>13,406</u>	<u>12,361</u>
		<u>13,507</u>	<u>12,464</u>

The accompanying notes form part of the financial statements.

The financial statements were approved and authorised for issue by the board on 25/6/14 and signed by

Committee member: *Kate Redman*

Committee member: *Clare A. Rosta*

Company secretary: *S. Walker*

West of Scotland Housing Association Limited
Cash Flow Statement
Year ending 31 March 2014

CASH FLOW STATEMENT

	Notes	2014 £000	2013 £000
Reconciliation of operating surplus to net cash inflow from operating activities			
Surplus for the year		1,043	1,607
Interest received		(74)	(136)
Interest paid		1,447	1,619
(Gain) on disposals		(307)	(384)
Operating surplus excluding interest and tax		2,109	2,706
Depreciation of tangible fixed assets		2,576	1,796
Decrease in stock		0	36
Decrease/(Increase) in debtors		881	(586)
(Decrease)/Increase in creditors		(646)	334
Share capital cancelled		0	0
Net cash inflow from operating activities		4,919	4,287
Cash flow statement			
Net cash inflow from operating activities		4,919	4,287
Returns on investments and servicing of finance	17	(1,373)	(1,483)
Capital expenditure and financial investment	17	(2,248)	(8,915)
Financing	17	(1,435)	11,275
(Decrease)/Increase in cash and cash equivalents		(137)	5,163
Reconciliation of net cash flow to movement in net debt			
(Decrease)/Increase in cash in year		(137)	5,163
Cash inflow from increase in debt		0	(11,275)
Change in net debt		(137)	(6,111)
Net debt at 1 April 2013		(50,013)	(43,902)
Net debt at 31 March 2014		(50,151)	(50,013)

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ending 31 March 2014

1. Principal accounting policies

Introduction

The Association is incorporated under the Industrial & Provident Societies Act 1965 and is registered with the Financial Conduct Authority. The principal accounting policies of the Association are set out in the paragraphs below. These accounts are prepared under the historical cost convention, in accordance with the Determination of Accounting Requirements - April 2012 and the Statement of Recommended Practice for Accounting By Registered Social Landlords and applicable Accounting Standards.

Basis of preparation

The accounts are prepared in accordance with applicable accounting standards, unless otherwise stated.

The Association became a subsidiary of Gentoo Group on 1 April 2014. The Association does not produce a set of consolidated accounts because its accounts and those of its subsidiary charity, the Willowacre Trust, are consolidated within the accounts of Gentoo Group.

Going concern

The Management Committee considers on an annual basis the appropriateness of preparing the Association's Financial Statements on a going concern basis. Matters which are taken into account in this process include

- the prevailing economic climate, both internationally and locally and its impact, if any, on the Association's viability;
- the financial position of the Association and the impact, if any, of perceived weaknesses on the Association's viability;
- the short, medium and long term financial prospects resulting from the modelling exercise carried out annually in updating the Association's 30 year Business Plan including sensitivity analyses and independent verification of key underlying assumptions

In the absence of any fundamental shortcomings raised as a result of the above exercise the Management Committee consider the going concern assumption underlying the preparation of the Association's Financial Statements to be appropriate.

Turnover

Turnover relates to the income from letting of properties at affordable rents, and the supply of factoring services, together with revenue grants from Scottish Government, local authorities and other organisations. Income from social housing is recognised in the period when it becomes due. Grants are recognised when the Association becomes entitled to the receive funds in accordance with the conditions of the grant.

Finance

The accounts have been prepared on the basis that the capital expenditure referred to in Note 10 has been grant aided, funded by loan or met out of reserves.

Mortgages

Mortgage loans are advanced by private lenders, or local authorities under the terms of individual mortgage deeds in respect of each property or housing scheme. Mortgage loans in the balance sheet may include amounts due but not received.

Social housing grants (SHG)

Social housing grants include Housing Association Grant (HAG) and other capital grants receivable from other funding bodies.

HAG, at amounts approved by the Scottish Government, is paid directly to the Association as required to meet its liabilities during the development process. HAG is repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale, after meeting secured loans and allowable costs of sale.

Fixed assets – housing properties

Housing properties are stated at cost. The development cost of housing properties funded with traditional HAG, New Housing Partnership or under earlier funding arrangements includes the following:

- I. Cost of acquiring land and buildings
- II. Actual development expenditure including overheads
- III. Interest charged on the mortgage loan raised to finance the scheme

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ending 31 March 2014

These costs are either termed "qualifying costs" for approved grant schemes and are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architect's certificates relating to capital expenditure incurred in the year at the net value after retentions are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year end. Related mortgage advances receivable from lending authorities are also included.

Expenditure on schemes, which are subsequently aborted, is written off in the year in which it is recognised that the schemes will not be developed to completion.

Interest on development loan finance is capitalised up to practical completion where such interest charge does not represent an excess over the value of the scheme. Interest on the residual mortgage loan after this date is charged to the profit and loss account.

The actual development costs capitalised are compared with SHG eligible costs. Where the actual costs are greater than the SHG eligible costs the Committee of Management, based on present information, do not consider that the excess represents an increase in the value to the Association therefore, excess of costs over SHG eligible costs is written off in the year they are incurred. When qualifying costs are higher than actual expenditure then the actual expenditure will be capitalised and the excess SHG received reflected as revenue.

The Association has changed its accounting policy for allocating SHG against housing properties. Formerly SHG was allocated against structure and components. To bring the Association's accounting policy into line with Gentoo's accounting policy, grant that was previously allocated against components has been re-allocated against structure wherever possible. The effect of this change on the current period's results is an increase in the annual depreciation charge of £657k which has reduced the operating surplus by the same amount to £2,109k.

Expenditure on works to existing properties may be capitalised to the extent that such costs represent an increase in rental values. Contracts undertaken that represent improvements in terms of rental income may therefore be taken to fixed assets.

The Association operates component accounting and recognises the short and long term nature of key components in all existing assets and new additions depreciating long term assets over 50 years and short term items, such as kitchens, bathrooms, double glazing and central heating between 15 and 30 years. Any renewal of a short term component after its useful life is a capital addition, not repair, and is depreciated over its new economic life.

Impairment

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account.

Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units. Reviews are also carried out on all other fixed assets annually.

Impairment of assets would be recognised in the income and expenditure account.

Depreciation

(i) Housing land and buildings

(ii) Housing fixtures replacements under major repairs

Depreciation rates:

Housing structure	50 years
Land	Not depreciated
Kitchens	15 years
Boilers	15 years
Windows	25 years
Bathrooms	30 years

The depreciation charge is calculated on the gross cost after deduction of HAG, other grants and land values.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ending 31 March 2014

(iii) Other tangible fixed assets

Office buildings are depreciated at 2% - 10% per annum on cost.

Motor vehicles are depreciated at 25% per annum on cost.

Office furniture and equipment is depreciated at 10% - 33% per annum on cost.

Other equipment is depreciated at 20% per annum on cost.

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

Designation for future cyclical repairs and maintenance

The Committee of Management decided that no further transfers will be made as all costs are being met from rental income in the year expenditure is incurred.

Designated Reserve for major repairs

Major repair HAG is not available for schemes which the Association developed after October 1989. Until 2007 the Association built up reserves to finance future major repairs by providing 0.8% of works costs each year. For all other schemes including those previously included in the now abolished Rent Surplus Fund £522 per unit has been provided in the designated reserve. From 2008 the Association recognises renewals as capital additions and therefore is no longer building on its major repairs reserve.

Pension Costs

The Association is a member of the SFHA pension scheme for the benefit of its employees. The funds of the scheme are administered by Trustees of the pension fund. Independent actuaries complete valuations at least every three years and, in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefit set out in the rules. The cost of these is charged against the profit and loss account in the year they are incurred.

Apportionment of employee and administration costs

Direct employee, administration and operating costs have been apportioned to the relevant sections of the general income and expenditure account on the basis of costs of the staff directly engaged on the operations dealt with in these sections.

Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

Donated land

In accordance with the Statement of Recommended Practice donated land received has been capitalised and shown as a donation valued at the estimated market value at the date of the donation.

Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale.

Shared Equity Home Ownership

Share Equity transactions are grants received from The Scottish Regulator and passed on to an eligible beneficiary. The Scottish Housing Regulator has the benefit of a fixed charge on the property by the beneficiary. These are classified as investments and are carried at historical cost with the linked finance cost (the grant received) being deducted from the gross amount of the Shared Equity asset.

Completed Shared Equity properties that are not sold or are work in progress are valued at the lower of cost and net realisable value, based on estimated sale price after allowing for all further costs of completion and disposal.

Low Cost Initiatives for First Time buyers (LIFT)

LIFT transactions are grants received from the grant awarding body and passed onto an eligible beneficiary. The grant awarding body has a benefit of a fixed charge on the property. This entitles the grant awarding body to a share of the proceeds on the sale of the property by the beneficiary. These are classified as investments and are carried at historical cost with the linked finance cost (the grant received) being deducted from the gross amount of the asset.

As from 1 April 2008 the Scottish Government has taken security over completed sales and the Association no longer includes grants and related loans to the owner on the balance sheet.

Lease Obligations

Rentals paid under operating leases are charged to the income and expenditure account as they are incurred.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ending 31 March 2014

2. Particulars of turnover, operating costs and operating surplus or deficit

	Turnover	Operating costs	2014 Operating surplus or deficit £000	2013 Operating surplus or deficit £000
	£000	£000		
Income and expenditure from social letting activities (note 3a)	12,036	9,325	2,711	3,110
Other income and expenditure (note 3b)	356	958	(602)	(404)
Total	<u>12,392</u>	<u>10,283</u>	<u>2,109</u>	<u>2,706</u>
2013	<u>11,870</u>	<u>9,164</u>	<u>2,706</u>	

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ending 31 March 2014

3a Particulars of turnovers, operating costs & operating or deficit from social letting activities

	General Needs Housing £000	Supported Housing £000	Shared Ownership £000	2014 Total £000	General Needs Housing £000	Supported Housing £000	Shared Ownership £000	2013 Total £000
Income from lettings								
Rent receivable net of service charges	10,817	724	114	11,655	10,060	690	118	10,868
Service charges receivable	354	121	8	483	442	136	8	586
Gross income from rent and service charges	11,171	845	122	12,138	10,502	826	126	11,454
Less: Rent losses from voids	(96)	(6)	0	(102)	(59)	(4)	0	(63)
Net income from rent and service charges	11,075	839	122	12,036	10,443	822	126	11,391
Revenue grants from the Scottish Government	0	0	0	0	0	0	0	0
Total turnover from social letting activities	11,075	839	122	12,036	10,443	822	126	11,391
Expenditure on social letting activities								
Services	340	161	8	509	379	223	4	606
Management & maintenance administration costs	2,555	194	29	2,778	2,810	193	33	3,036
Planned, cyclical and major repair costs	1,498	114	17	1,629	1,197	82	14	1,293
Reactive maintenance costs	1,754	133	19	1,906	1,287	88	15	1,391
Bad debts - rents and service charges	91	6	1	98	212	14	0	226
Depreciation of housing stock	2,123	142	43	2,308	1,498	104	32	1,634
Other costs	89	7	1	97	89	6	0	95
Operating costs for social letting activities	8,450	757	118	9,325	7,472	710	98	8,281
Operating surplus on social letting activities	2,625	82	4	2,711	2,971	112	27	3,110

All service charges receivable on housing accommodation are eligible for housing benefit.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ending 31 March 2014

3b Particulars of turnover, operating costs and operating surpluses or deficits from other activities

	Grants from Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs - bad debts	Other operating costs	2014 Operating surplus/ (deficit) £000	2013 Operating surplus/ (deficit) £000
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Wider role	0	0	0	0	0	0	0	0	(1)
Factoring	0	0	0	36	36	0	(61)	(25)	(31)
Development activities	0	0	0	56	56	0	(570)	(514)	(471)
Support activities	0	0	62	0	62	0	(91)	(29)	(63)
Other activities	0	130	0	72	202	(36)	(200)	(34)	161
Total	0	130	62	164	356	(36)	(922)	(602)	(404)
2013	0	148	106	225	479	8	875	(404)	

Income from other activities includes various grants in relation to sustainable communities activities from funders such as Glasgow City Council, Clyde Gateway, and the Commonwealth Graduate Fund.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2014

4 Interest payable

	2014 £000	2013 £000
Interest payable on loans	1,450	1,646
Less: capitalised interest	(3)	(27)
	<u>1,447</u>	<u>1,619</u>

The rate of capitalised interest was 0.74% (2013: 0.76%).

5 Auditor's remuneration

	2014 £000	2013 £000
Auditor's fees including expenses and VAT for the year:		
in respect of the audit	21	15
in respect of other services	2	22
	<u>23</u>	<u>38</u>

6 Employees

	2014 £000	2013 £000
Staff costs during the year:		
Wages and salaries	2,507	2,339
Social security costs	185	169
Other pension costs	369	354
	<u>3,061</u>	<u>2,863</u>

	No.	No.
Staff numbers at 31 March 2014:		
Office staff - full time equivalent	54.5	64.3
Warden staff - full time equivalent	4.2	2.0
	<u>58.7</u>	<u>66.3</u>

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2014

7 Directors' emoluments

The directors of West of Scotland Housing Association are defined as members of the Management Committee, the Managing Director and any other person reporting directly to the Managing Director or the Management Committee.

No emoluments were paid to any member of the Management Committee during the year. No emoluments were paid to the directors of the Willowacre Trust.

	2014	2013
	£	£
Aggregate emoluments payable to directors (excluding pension contributions but including benefits in kind)	78,405	76,610
	£	£
Emoluments paid to the highest paid director (excluding pension contributions)	78,405	76,610
	£	£
Total emoluments including pension and benefits in kind	85,562	83,562

The number of directors, including the highest paid director, who received emoluments (excluding pension contributions) in the following ranges were:

	2014	2013
	No of	No of
	directors	directors
Nil	15	15
£70,001 - £75,000	0	0
£75,001 - £80,000	1	1

The Managing Director is an ordinary member of the Association's pension scheme described in Note 19. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes. The Association's contributions for the Managing Director in the year amounted to £7,158 (2013: £6,952).

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2014

8 Housing properties

	Housing properties held for letting	Housing properties under construction	Shared ownership housing properties	Shared ownership properties under construction	2014 Total	2013 Total
Cost	£000	£000	£000	£000	£000	£000
At 1 April 2013	223,381	5,247	4,121	0	232,749	219,250
Additions	1,360	1,808	108	0	3,276	13,962
Completed	6,959	(6,959)	0	0	0	0
Disposals	(139)	0	(86)	0	(225)	(463)
At 31 March 2014	<u>231,561</u>	<u>96</u>	<u>4,143</u>	<u>0</u>	<u>235,800</u>	<u>232,749</u>
Social housing grants						
At 1 April 2013	156,911	2,596	3,172	0	162,680	158,153
Additions	466	178	0	0	644	4,614
Completed	2,689	(2,689)	0	0	0	0
Repaid and abated	0	0	(59)	0	(59)	(87)
At 31 March 2014	<u>160,066</u>	<u>85</u>	<u>3,113</u>	<u>0</u>	<u>163,265</u>	<u>162,680</u>
Depreciation						
At 1 April 2013	9,962	0	248	0	10,210	8,857
Provided	2,366	0	43	0	2,409	1,634
Disposals	(95)	0	(6)	0	(101)	(281)
At 31 March 2014	<u>12,233</u>	<u>0</u>	<u>285</u>	<u>0</u>	<u>12,518</u>	<u>10,210</u>
Net book value						
At 31 March 2014	<u>59,262</u>	<u>11</u>	<u>745</u>	<u>0</u>	<u>60,017</u>	<u>59,860</u>
At 31 March 2013	56,508	2,651	702	0		

Major repairs to the value of £408,519 (2013: £897,649) were capitalised during the year.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2014

9 LIFT loan and grant

	2014 £000	2013 £000
LIFT loan	213	234
LIFT grant	(213)	(234)
	0	0

LIFT (formerly Homestake) loan and grant relates to West of Scotland Housing Association's stake in eleven shared equity properties that were completed and sold in 2008. One of these properties has been sold and therefore both balances are reduced by 1/11th to reflect the reduction in the Association's stake.

10 Other tangible fixed assets

	Equipment £000	Vehicles £000	Office buildings £000	Community centre £000	Other land £000	2014 Total £000	2013 Total £000
Cost							
At 1 April 2013	1,288	26	3,082	341	0	4,737	4,691
Additions	100	0	0	0	152	252	46
Disposals	0	(8)	0	0	0	(8)	0
At 31 March 2014	1,388	18	3,082	341	152	4,981	4,737
Social housing grants							
At 1 April 2013	0	0	0	125	0	125	125
Additions	0	0	0	0	0	0	0
At 31 March 2014	0	0	0	125	0	125	125
Depreciation							
At 1 April 2013	1,160	17	286	124	0	1,587	1,425
Provided	97	4	62	4	0	167	162
Disposals	0	(8)	0	0	0	(8)	0
At 31 March 2014	1,257	13	348	128	0	1,746	1,587
Net book value							
At 31 March 2014	131	5	2,734	88	152	3,110	3,025
At 31 March 2013	129	9	2,796	92	0	3,025	

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2014

11 Debtors

	2014 £000	2013 £000
Amounts falling due within one year:		
Rental debtors	571	480
Less: provision for bad and doubtful debts	<u>(209)</u>	<u>(171)</u>
	362	308
Development funding receivable	158	1,062
Other debtors	465	466
Intercompany debtor	10	21
Prepayments and accrued income	<u>88</u>	<u>107</u>
	<u>1,083</u>	<u>1,964</u>

12 Creditors due within one year

	2014 £000	2013 £000
Loans (note 13)	1,238	1,493
Trade creditors	775	1,063
Other taxes and social security	50	64
Other creditors	409	237
Accruals and deferred income	355	672
Rents in advance	<u>401</u>	<u>337</u>
	<u>3,228</u>	<u>3,864</u>

13 Creditors due in more than one year

	2014 £000	2013 £000
Loans	59,093	60,276

Loans are secured by specific charges on the Association's properties and repayable at rates of interest ranging from 0.74% to 7.24% (2013 - 0.74% to 7.24%) in instalments due as follows:

	£000	£000
Within one year	1,238	1,493
In one to two years	1,565	1,436
In two to five years	5,085	10,094
In more than five years	<u>52,443</u>	<u>48,747</u>
	<u>60,331</u>	<u>61,769</u>

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2014

14 Share capital

	2014	2013
	No.	No.
At 1 April 2013	108	138
Additions in Year	3	5
Cancellations in Year	(9)	(35)
At 31 March 2014	<u>102</u>	<u>108</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.

15 Designated reserve

	2014	2013
	£000	£000
At 1 April 2013	103	169
Provided in year	8	42
Surplus/deficit made on sheltered housing	0	0
Spend in year	(10)	(108)
At 31 March 2014	<u>101</u>	<u>103</u>

16 Revenue reserve

	2014	2013
	£000	£000
At 1 April 2013	12,361	10,687
Surplus in year	1,043	1,607
Transfer from capital reserve	0	0
Transfer from designated reserve	2	67
At 31 March 2014	<u>13,406</u>	<u>12,361</u>

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Year ended 31 March 2014

17 Note to the cash flow statement

	2014	2013
	£000	£000
Returns on investments and servicing of finance		
Interest received	74	136
Interest paid	(1,447)	(1,619)
Net cash outflow from returns on investments and servicing of finance	<u>(1,373)</u>	<u>(1,483)</u>
Capital expenditure and financial investment		
Expenditure on housing properties	(3,276)	(13,962)
Social housing grant - received	644	4,614
Purchase of other fixed assets	(252)	(46)
Disposal of housing properties	695	566
Social housing grant - released on disposal	(59)	(87)
Sale of other fixed assets	0	0
Net cash outflow from capital expenditure and financial investment	<u>(2,248)</u>	<u>(8,915)</u>
Financing		
Issue of ordinary shares	0	0
Loans received	0	11,950
Loans repaid	(1,435)	(675)
Net cash inflow from financing	<u>(1,435)</u>	<u>11,275</u>

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2014

18 Capital commitments

	2014	2013
	£000	£000
Expenditure contracted for but not provided in the accounts	<u>6,625</u>	<u>9,856</u>

Capital commitments will be funded from the borrowing facility that was put in place to support the Association's development programme.

19 Lease commitments

The Association rents office accommodation from Willowacre Trust under a 25-year lease. The lease has three years until expiry. The annual rent is £40,500. The Association has sub-let this lease to Glasgow Association For Mental Health since 14 July 2003.

20 Housing stock

	2014	2013
	No	No
The number of units of accommodation in management at 31 March 2014 was:		
General needs	2,969	2,916
Supported housing	201	197
Shared ownership	64	68
	<u>3,234</u>	<u>3,181</u>

Units awaiting improvement or repair at year end	13	2
Units under construction at year end	0	97
Total bedspaces at year end	10,650	10,458

Included within the above, the following units are managed by other agencies:

	2014	2013
	No of units	No of units
Quarriers	1	1
Key Housing Association	1	1
Cornerstone	1	1
Simon Community	1	1
McFarlane Homes	1	1
South Lanarkshire Council	1	1
Hayfield Deaf Unit	1	2
Mungo Foundation	0	1
NHS Ayrshire and Arran	10	10
Womens Aid	1	1
National Autistic Society	7	2
North Lanarkshire Council	2	2
Crossreach	3	3
Orchard and Shipman (previously Y People/YMCA)	20	20
YWCA	1	1
Airdrie Flying Club	1	0

21 Analysis of changes in net liabilities

	At 1	Movement	At 31
	April 2013		March 2014
	£000	£000	£000
Cash at bank and in hand	766	(757)	9
Short term deposits	10,989	620	11,609
Overdrafts	0	0	0
	<u>11,755</u>	<u>(137)</u>	<u>11,618</u>
Debt due within one year	(1,492)	254	(1,238)
Debt due in more than one year	(60,276)	1,183	(59,093)
	<u>(50,013)</u>	<u>1,300</u>	<u>(48,714)</u>

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2014

22 Pensions

FRS 17 disclosure

West of Scotland Housing Association participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer 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 FRS17 represents the employer contribution payable.

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

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

Potential debt on withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time. West of Scotland Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for West of Scotland Housing Association was £11.439m (2013: £12.354m).

Information about the scheme valuation

West of Scotland Housing Association participates in the Scottish Housing Associations' Pension Scheme.

The Scheme offers five benefit structures to employers, namely:

- Final Salary with 1/60th accrual rate
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in.
- Defined Contribution (DC) option.

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An employer can elect to operate different defined benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

West of Scotland Housing Association has elected to operate the
- final salary with a 1/60th accrual rate

benefit option for active members as at 31 March 2014 and the

- final salary with a 1/60th accrual rate; and
- DC option (from 1 April 2014)

benefit options for new entrants from 1 April 2014

During the accounting period West of Scotland Housing Association paid contributions at the rate of 9.6 % (2013: 9.6%) of pensionable salaries. Member contributions were 9.6% (2013: 9.6%). From 1 April 2014, both employee and employer contributions on the final salary scheme will rise to 12.3%.

As at the balance sheet date there were 45 active members of the Scheme employed by West of Scotland Housing Association. The annual pensionable payroll in respect of these members was £1.49m.

West of Scotland Housing Association continues to offer membership of the final salary Scheme to its employees and it remains open to new entrants. From 1 April 2014 a second option, the DC scheme, was made available to existing and new members.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2012 Valuation Assumptions

	% p.a.
Investment return pre retirement	5.3
Investment return post retirement – Non pensioners	3.4
Investment return post retirement - Pensioners	3.4
Rate of salary increases	4.1

Rate of pension increases

	% p.a.
- Pension accrued pre 6 April 2005 in excess of GMP	2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

Mortality tables

Non-pensioners - 44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females
Pensioners - 90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

Contribution rates for future service (payable from 1 April 2014)

	% p.a.
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

Additional deficit contributions are payable from 1 April 2014 and will increase by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions. The calculated net present value of this contribution at 31 March 2014 using a 4% discount rate is £5.8m.

West of Scotland Housing Association Limited
Notes to the Financial Statements
Year ended 31 March 2014

23 Related parties

The Association has one wholly owned subsidiary company – the Willowacre Trust, a charitable company limited by guarantee. Under FRS 8, the Association is not required to disclose transactions with wholly owned subsidiaries.

The terms applicable to those tenant members of the Association are the same terms applicable to all tenants.

24 Contingent liabilities

The Association has been advised by The Pension Trust that should the Association choose to withdraw from the scheme, the Association's estimated Employer debt would be £11.4 million (2013: £12.4m). Refer to note 22 for further explanation.

Housing Association Grants allocated to buildings or components subsequently replaced by the Association are recognised in the Income and Expenditure account, with the cost of replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2014 was £689,659.