



Alexander Sloan
Accountants and Business Advisers

Glasgow West Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2022

Registered Social Landlord No. HEP126

FCA Reference No. 1955R(S)

Scottish Charity No. SC001667

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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GLASGOW WEST HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2022

MANAGEMENT COMMITTEE

Joginder Makar
Yushin Toda
Joe Heaney
Dolina MacNeill
Anne Campbell
Isobel Gracie
Susan Mosedale
Anila Ali
Billy Robertson
Nicola Adams
Amy Robertson
Steve Bruce

Treasurer
Vice Chair - Appointed 07/09/2021
Chairperson
Secretary

Resigned 26/08/2021

Appointed 30/06/2021
Appointed 30/06/2021
Appointed 30/06/2021

EXECUTIVE OFFICERS

Elaine Travers
Iain Nicholl
Jennifer Barrow
Nicola Stobie
Daniel Wedge

Chief Executive
Corporate Director
Services Director – Maternity Leave
Services Director – Appointed 08/11/2021
Technical Director

REGISTERED OFFICE

5 Royal Crescent
Glasgow
G3 7SL

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

Quinn Internal Audit Services Ltd
55 Lady Place
Livingston
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

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

The Management Committee presents its report and the financial statements for the year ended 31 March 2022.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 1955R(S)), the Scottish Housing Regulator as a registered social landlord (No. HEP126) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC001667.

Principal Activities

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

Review of Business and Future Developments

It is still very early days in terms of our understanding of the extent and potential longer term impact of the global pandemic, and with other significant events and environmental factors bringing unprecedented risks and pressures for our business and our communities, we are proceeding with caution through this phase of *learning to live with covid*.

Members of the Management Committee are satisfied with the continued steady performance and state of affairs. Net assets stand at £38.4m and the surplus for the year has been transferred to designated reserves to fund the Major Repairs programme. Key assumptions collated in March 2022 in preparing the 30-year cashflow reflect the impact of covid-19 and rising inflation on all aspects of our operational activities. Our cash position remains strong and assumptions will be kept under close scrutiny.

Much of the current economic uncertainty affects our tenants, and whilst our rents are assessed as affordable to 100% of households, the decision to apply an average 3.96% rent increase this year was a particularly tough decision for our Management Committee Members to make. Consistent with other businesses, our costs are soaring as a consequence of BREXIT, Covid, COP 26, and more recently the war in Ukraine; and it was appropriate for us to provide forwarning to our tenants of potentially higher than average rent and service charge increases over the next few years, in order to protect our services, and to ensure investment in our properties for future generations. This was accompanied with a commitment to continue to deliver efficiencies through rigorous procurement processes; and to eliminate waste and duplication through enhanced data management systems and refined procedures.

In our other core business areas of repairs and void relet times, our costs and service delivery continue to suffer from external impacts, and we are working closely with our contractors to improve performance at an appropriate pace. Separately, the focus in our asset management services has been on progressing projects that prioritise tenant and resident safety, and ensure regulatory compliance. By the end of March 2022, 12.5% of our homes achieved the Scottish Housing Quality Standard (SHQS), with the dip in performance (from 60.7% at March 2021) reflecting the more onerous requirements around energy efficiency and fire and electrical safety; and with scheduled projects including stonework

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

Review of Business and Future Developments (Contd.)

repairs, window replacements and electrical and fire safety initiatives aimed at achieving 84% SHQS compliance by March 2023. Prudent financial planning ensures capacity for investment remains strong, with £24.5m investment planned over the next 5 years, and with external validation of the LCC scheduled for 2022/23. Considerable progress has also been made through 2021/22 to evaluate the issues with the glazed curtain walling at St Vincent Terrace, with provision for delivery of these significant investment works this year, subject to a final due diligence review in Q1, 2022/23. With an accelerated investment programme and self-funding of new build developments in years 1-3, medium term planning identifies borrowings required in year 3 (2024-25). The Dover Street new build development is now well advanced, with anticipated completion in Spring 2023; planning permission has been obtained for the Burnbank House project; and the Corunna Street planning application was submitted February 2022. Combined, these projects will provide around 90 much needed homes for social rent in our local community.

Within our Management Committee there is a healthy balance of skills and experience, with the new hybrid meeting format beneficial in optimising attendance and in widening accessibility for Members; ensuring robust governance arrangements and progress of the scheduled business. Our regulatory status has been reinstated to "compliant" following ongoing engagement with the Scottish Housing Regulator this last year, and our focus this forthcoming year will be the completion of initiatives impacted by two years of service restrictions, with the aim thereafter of resetting the balance with a comprehensive review of our corporate strategy to ensure it remains ambitious for the 5-year period towards our 50th anniversary in 2028.

Another challenging and successful year is attributed to ongoing stakeholder engagement, the commitment of our Management Committee, and the well-led, highly competent and service driven staff. Although we anticipate many challenges ahead, we have a sound basis for delivering GWhA's vision and mission through sustainable corporate strategies supporting and delivering Service Enhancement, Robust Governance and Optimum Performance.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

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 Societies Act 2014 requires the Management Committee to prepare financial statements for each financial year that 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is 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.

Going Concern

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

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

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 misstatement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and 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 receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 31 March 2022. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Disclosure of Information to the Auditor

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

Auditor

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

GLASGOW WEST HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

By order of the Management Committee



Dolina MacNeill

Secretary

14 June 2022

GLASGOW HOUSING ASSOCIATION LIMITED

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

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

Basis of Opinion

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

Opinion

In our opinion the Statement of 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 issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
14 JUNE 2022



Alexander Sloan
Accountants and Business Advisers

GLASGOW WEST HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLASGOW WEST HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of Glasgow West Housing Association Limited (the 'Association') for the year ended 31 March 2022 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of the 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 Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis of Opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Management Committee with respect to going concern are described in the relevant sections of this report.

Other Information

The Management Committee is responsible for the other information. The other information comprises the information contained 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.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLASGOW WEST HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Other Information (Contd.)

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

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

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

Responsibilities of the Management Committee

As explained more fully in the statement of Management Committee's responsibilities as set out on page 4, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of the 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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

GLASGOW WEST HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLASGOW WEST HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLASGOW WEST HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our Report

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



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
14 JUNE 2022



Alexander Sloan
Accountants and Business Advisers

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Revenue	2	8,119,579	8,055,846
Operating costs	2	6,768,521	5,582,257
OPERATING SURPLUS		1,351,058	2,473,589
Gain on sale of housing stock	7	-	235,711
Interest receivable and other income		88,604	153,697
Interest payable and similar charges	8	(18,818)	(20,904)
Revaluation of investment properties		-	76,500
Other Finance income/(charges)	10	(13,000)	6,000
		56,786	451,004
SURPLUS FOR THE YEAR	9	1,407,844	2,924,593
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension plan	19	484,000	(800,000)
TOTAL COMPREHENSIVE INCOME		1,891,844	2,124,593

The results relate wholly to continuing activities.

The notes on pages 16 to 37 form an integral part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022	2021
		£	£
NON-CURRENT ASSETS			
Housing properties - depreciated cost	11	40,238,487	37,036,728
Other tangible assets	11	5,238	5,846
		<u>40,243,725</u>	<u>37,042,574</u>
INVESTMENTS			
Investment in subsidiaries	12	1	1
Investment properties	12	380,500	380,500
		<u>380,501</u>	<u>380,501</u>
CURRENT ASSETS			
Receivables	13	442,933	525,581
Investments	14	24,088,902	25,388,902
Cash and cash equivalents	15	6,601,111	3,836,440
		<u>31,132,946</u>	<u>29,750,923</u>
CREDITORS: Amounts falling due within one year	16	<u>(2,729,889)</u>	<u>(2,258,510)</u>
NET CURRENT ASSETS		<u>28,403,057</u>	<u>27,492,413</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>69,027,283</u>	<u>64,915,488</u>
CREDITORS: Amounts falling due after more than one year	17	<u>(1,476,815)</u>	<u>(1,632,585)</u>
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES			
Scottish housing association pension scheme	19	<u>(3,000)</u>	<u>(661,000)</u>
		<u>(3,000)</u>	<u>(661,000)</u>
DEFERRED INCOME			
Social housing grants	20	(29,053,040)	(26,015,399)
Other grants	20	<u>(23,602)</u>	<u>(27,537)</u>
		<u>(29,076,642)</u>	<u>(26,042,936)</u>
NET ASSETS		<u><u>38,470,826</u></u>	<u><u>36,578,967</u></u>
EQUITY			
Share capital	21	154	139
Revenue reserves		38,473,672	37,239,828
Pension reserves		<u>(3,000)</u>	<u>(661,000)</u>
		<u><u>38,470,826</u></u>	<u><u>36,578,967</u></u>

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 14 June 2022.

J Heaney

Committee Member

J M *AK Mahan*
Committee Member

Silvia MacNeil
Secretary

The notes on pages 16 to 37 form an integral part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes		2022	2021
		£	£	£
Surplus for the Year			1,407,844	2,924,593
<i>Adjustments for non-cash items:</i>				
Depreciation of tangible fixed assets	11	1,282,814	1,142,775	
Amortisation of capital grants	20	(924,470)	(912,060)	
Gain on disposal of tangible fixed assets		-	(277,153)	
Non-cash adjustments to pension provisions		(174,000)	(139,000)	
Change in market value of investments		-	(76,500)	
Share capital written off	21	-	(18)	
			184,344	(261,956)
Interest receivable			(88,604)	(153,697)
Interest payable	8		18,818	20,904
Operating cash flows before movements in working capital			1,522,402	2,529,844
Change in debtors		82,648	(82,541)	
Change in creditors		493,957	996,707	
			576,605	914,166
Net cash inflow from operating activities			2,099,007	3,444,010
Investing Activities				
Acquisition and construction of properties		(4,476,859)	(1,161,091)	
Purchase of other fixed assets		(7,106)	-	
Social housing grant received		3,958,176	1,070,450	
Social housing grant repaid		-	(35,529)	
Changes on short term deposits with banks		1,300,000	(900,408)	
Proceeds on disposal of housing properties		-	316,000	
Net cash inflow / (outflow) from investing activities			774,211	(710,578)
Financing Activities				
Interest received on cash and cash equivalents		88,604	153,697	
Interest paid on loans		(18,818)	(20,904)	
Loan principal repayments		(178,348)	(144,031)	
Share capital issued	21	15	4	
Net cash outflow from financing activities			(108,547)	(11,234)
Increase in cash	22		2,764,671	2,722,198
Opening cash & cash equivalents			3,836,440	1,114,242
Closing cash & cash equivalents			6,601,111	3,836,440
Cash and cash equivalents as at 31 March				
Cash			6,601,111	3,836,440
			6,601,111	3,836,440

The notes on pages 16 to 37 form an integral part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

	Share Capital £	Strathclyde Pension Reserve £	Scottish Housing Association Pension reserve £	Revenue Reserve £	Total £
Balance as at 1 April 2020					
Issue of Shares	153	-	-	34,454,235	34,454,388
Cancellation of Shares	4	-	-	-	4
Other comprehensive income	(18)	-	-	-	(18)
Other movements	-	28,000	(828,000)	-	(800,000)
Surplus for the year	-	(28,000)	167,000	(139,000)	-
Balance as at 31 March 2021	139		(661,000)	37,239,828	36,578,967
Balance as at 1 April 2021					
Issue of Shares	139	-	(661,000)	37,239,828	36,578,967
Cancellation of Shares	15	-	-	-	15
Other comprehensive income	-	-	-	-	-
Other movements	-	484,000	-	-	484,000
Surplus for the year	-	(484,000)	658,000	(174,000)	-
Balance as at 31 March 2022	154		(3,000)	38,473,672	38,470,826

The notes on pages 16 to 37 form an integral part of these financial statements.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

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

Revenue

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

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

Retirement Benefits

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

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

Going Concern

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

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

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

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

Depreciation and Impairment of Other Tangible Assets

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

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

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

Social Housing Grants and Other Capital Grants

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

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

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

Sales Of Housing Properties

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

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

Taxation

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

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Leases/Leased Assets

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

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Development Interest

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

Service Charge Sinking Funds

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

Property Development Cost

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

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

VAT

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

Financial Instruments - Basic

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

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

Cash and Liquid Resources

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

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the the Association to exercise judgement in applying its accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

Key Judgements

a) Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Pension Liability

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

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

Estimation Uncertainty

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

e) Defined pension liability

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

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

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

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

			2022			2021
	Notes	Turnover	Operating costs	Operating surplus / (deficit)	Turnover	Operating surplus / (deficit)
		£	£	£	£	£
Affordable letting activities	3	7,702,922	6,356,249	1,346,673	7,684,595	5,188,060
Other Activities	4	416,657	412,272	4,385	371,251	394,197
Total		8,119,579	6,768,521	1,351,058	8,055,846	5,582,257

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2022 Total £	2021 Total £
Revenue from Lettings				
Rent receivable net of service charges	6,708,635	4,867	6,713,502	6,620,734
Service charges receivable	133,386	-	133,386	228,418
Gross income from rent and service charges	6,842,021	4,867	6,846,888	6,849,152
Less: Rent losses from voids	68,436	-	68,436	76,617
Income from rents and service charges	6,773,585	4,867	6,778,452	6,772,535
Grants released from deferred income	924,470	-	924,470	912,060
Total turnover from affordable letting activities	7,698,055	4,867	7,702,922	7,684,595
Expenditure on affordable letting activities				
Management and maintenance administration costs	2,741,376	-	2,741,376	2,517,178
Service costs	281,736	-	281,736	243,785
Planned and cyclical maintenance, including major repairs	990,411	-	990,411	443,876
Reactive maintenance costs	1,092,677	-	1,092,677	792,938
Bad Debts - rents and service charges	(25,051)	-	(25,051)	60,394
Depreciation of affordable let properties	1,273,284	1,816	1,275,100	1,129,889
Operating costs of affordable letting activities	6,354,433	1,816	6,356,249	5,188,060
Operating surplus on affordable letting activities	1,343,622	3,051	1,346,673	2,496,535
2021	2,493,379	3,156		

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Grants from Scottish Ministers	Other income	Total Turnover	Other operating costs	Operating surplus / (deficit) 2022	Operating surplus / (deficit) 2021
	£	£	£	£	£	£
Investment property activities	-	47,161	47,161	18,849	28,312	29,450
Uncapitalised development administration costs	-	-	-	71,652	(71,652)	(65,274)
Other activities	2,529	366,967	369,496	321,771	47,725	12,878
Total From Other Activities	2,529	414,128	416,657	412,272	4,385	(22,946)
2021	2,425	368,826	371,251	394,197	(22,946)	

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2022 £	2021 £
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)	153,856	80,309
Pension contributions made on behalf on Officers with emoluments greater than £60,000	14,225	7,950
Emoluments payable to Chief Executive (excluding pension contributions)	89,363	80,309
Pension contributions paid on behalf of the Chief Executive	8,014	7,950
Total emoluments payable to the Chief Executive	97,377	88,259
Total emoluments paid to key management personnel	280,416	235,527

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

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

6. EMPLOYEE INFORMATION

	2022 No.	2021 No.
Average monthly number of full time equivalent persons employed during the year	53	54
Average total number of employees employed during the year	56	58
Staff costs were:	£	£
Wages and salaries	1,747,148	1,663,355
National insurance costs	140,909	158,329
Pension costs	106,523	144,946
Temporary, agency and seconded staff	165,765	72,403
	2,160,345	2,039,033

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. GAIN ON SALE OF HOUSING STOCK

	2022	2021
	£	£
Sales proceeds	-	316,000
Cost of sales	-	80,289
Gain on sale of housing stock	-	235,711

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
On bank loans and overdrafts	18,818	20,904

9. SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,147,896	1,142,775
Auditors' remuneration - audit services	15,480	14,340
Gain on sale of non-current assets	-	(235,711)

10. OTHER FINANCE INCOME / (CHARGES)

	2022	2021
	£	£
Net interest on pension obligations	(13,000)	6,000

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
At 1 April 2021	59,040,874	3,789,825	90,838	62,921,537
Additions	266,448	4,210,411	-	4,476,859
Disposals	(325,784)	-	-	(325,784)
Transfers	934,419	(934,419)	-	-
At 31 March 2022	59,915,957	7,065,817	90,838	67,072,612
DEPRECIATION				
At 1 April 2021	25,840,199	-	44,610	25,884,809
Charge for Year	1,138,366	-	1,816	1,140,182
Disposals	(190,866)	-	-	(190,866)
At 31 March 2022	26,787,699	-	46,426	26,834,125
NET BOOK VALUE				
At 31 March 2022	33,128,258	7,065,817	44,412	40,238,487
At 31 March 2021	33,200,675	3,789,825	46,228	37,036,728

	2022		2021	
Expenditure on Existing Properties	Component replacement £	Improvement £	Component replacement £	Improvement £
Amounts capitalised	266,449	4,210,411	71,203	1,089,888
Amounts charged to the statement of comprehensive income	-	2,083,088	-	1,236,814

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £nil (2021 - £nil).

The Association's lenders have standard securities over housing property with a carry value of £9,025,815 (2021 - £9,185,717).

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Computer Equipment £	Total £
COST				
At 1 April 2021	512,423	10,011	49,948	572,382
Additions	-	-	7,106	7,106
At 31 March 2022	512,423	10,011	57,054	579,488
DEPRECIATION				
At 1 April 2021	512,423	9,012	45,101	566,536
Charge for year	-	499	7,215	7,714
At 31 March 2022	512,423	9,511	52,316	574,250
NET BOOK VALUE				
At 31 March 2022	-	500	4,738	5,238
At 31 March 2021	-	999	4,847	5,846

12. FIXED ASSET INVESTMENTS

	2022 £	2021 £
Subsidiary undertaking	1	1
Investment properties	380,500	380,500
	<u>380,501</u>	<u>380,501</u>

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

	2022 Reserves £	Profit / (Loss) £	2021 Reserves £	Profit / (Loss) £
Glasgow West Enterprises Limited	<u>57,573</u>	<u>45,856</u>	<u>23,194</u>	<u>11,477</u>

The company has taken advantage of the exemption available in section 33 Related Party Disclosure of FRS 102. Related party transactions between the Association and its subsidiary are disclosed within the consolidated financial statements.

Investment Properties

	2022 £	2021 £
At 1 April 2021 and 31 March 2022	<u>380,500</u>	<u>380,500</u>

Commercial properties were valued by an independent professional adviser DVS on 31 March 2021 in accordance with the appraisal and valuation manual of the RICS. Commercial properties are subject to valuation at least every five years.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

13. RECEIVABLES

	2022 £	2021 £
Gross arrears of rent and service charges	111,788	164,554
Less: Provision for doubtful debts	(86,250)	(118,659)
<i>Net arrears of rent and service charges</i>	25,538	45,895
Other receivables	188,360	456,747
Amounts due from group undertaking	229,035	22,939
	<u>442,933</u>	<u>525,581</u>

14. CURRENT ASSET INVESTMENTS

	2022 £	2021 £
Short term deposits	24,088,902	25,388,902
	<u>24,088,902</u>	<u>25,388,902</u>

15. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	6,601,111	3,836,440
	<u>6,601,111</u>	<u>3,836,440</u>

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans	122,665	145,243
Trade payables	1,327,643	975,014
Rent received in advance	552,038	515,843
Other taxation and social security	9,635	45,805
Amounts due to group undertakings	176,298	-
Other payables	219,414	245,443
Accruals and deferred income	322,196	331,162
	<u>2,729,889</u>	<u>2,258,510</u>

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

	2022	2021
	£	£
Bank loans	1,476,815	1,632,585
	<u>1,476,815</u>	<u>1,632,585</u>

18. DEBT ANALYSIS - BORROWINGS

	2022	2021
	£	£
Bank Loans		
Amounts due within one year	122,665	145,243
Amounts due in one year or more but less than two years	122,665	145,243
Amounts due in two years or more but less than five years	367,995	435,728
Amounts due in more than five years	986,155	1,051,614
	<u>1,599,480</u>	<u>1,777,828</u>

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

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

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

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

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

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

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

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

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

	2022	2021
	£	£
Fair value of plan assets	6,307,000	6,154,000
Present value of defined benefit obligation	6,310,000	6,815,000
Surplus / (deficit) in plan	(3,000)	(661,000)
Unrecognised surplus	-	-
Defined benefit asset / (liability) to be recognised	(3,000)	(661,000)

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2022 £	2021 £
Defined benefit obligation at the start of period	6,815,000	5,649,000
Expenses	6,000	6,000
Interest expense	148,000	130,000
Actuarial losses (gains) due to scheme experience	32,000	34,000
Actuarial losses (gains) due to changes in demographic assumptions	20,000	-
Actuarial losses (gains) due to changes in financial assumptions	(580,000)	1,257,000
Benefits paid and expenses	(131,000)	(261,000)
Defined benefit obligation at the end of period	<u>6,310,000</u>	<u>6,815,000</u>

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

	2022 £	2021 £
Fair value of plan assets at start of period	6,154,000	5,652,000
Interest income	135,000	132,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(44,000)	458,000
Contributions by the employer	193,000	173,000
Benefits paid and expenses	(131,000)	(261,000)
Fair value of plan assets at the end of period	<u>6,307,000</u>	<u>6,154,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £91,000.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2022 £	2021 £
Expenses	6,000	6,000
Net interest expense	13,000	-
	<u>19,000</u>	<u>6,000</u>
Defined benefit costs recognised in statement of comprehensive income	19,000	6,000

Defined benefit costs recognised in the other comprehensive income

	2022 £	2021 £
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	(44,000)	458,000
Experience gains and losses arising on plan liabilities - gain /(loss)	(32,000)	(34,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	(20,000)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	580,000	(1,257,000)
	<u>484,000</u>	<u>(833,000)</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	484,000	(833,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	-	5,000
	<u>484,000</u>	<u>(828,000)</u>
Total amount recognised in other comprehensive income - gain / (loss)	484,000	(828,000)

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2022	2021	2020
	£	£	£
Absolute Return	289,000	303,000	347,000
Alternative Risk Premia	261,000	247,000	453,000
Corporate Bond Fund	399,000	464,000	413,000
Credit Relative Value	202,000	177,000	136,000
Distressed Opportunities	226,000	210,000	103,000
Emerging Markets Debt	235,000	248,000	201,000
Global Equity	1,247,000	952,000	777,000
Cash	17,000	2,000	-
Infrastructure	394,000	344,000	333,000
Insurance-Linked Securities	132,000	129,000	152,000
Liability Driven Investment	1,526,000	1,480,000	1,488,000
Long Lease Property	182,000	143,000	138,000
Net Current Assets	20,000	46,000	43,000
Over 15 Year Gilts	3,000	3,000	72,000
Private Debt	159,000	145,000	112,000
Property	163,000	110,000	105,000
Risk Sharing	206,000	220,000	179,000
Secured Income	337,000	338,000	314,000
Opportunistic Illiquid Credit	209,000	158,000	138,000
Opportunistic Credit	22,000	168,000	-
Liquid Credit	40,000	106,000	148,000
High yield	61,000	161,000	-
Currency hedging	(23,000)	-	-
Total assets	6,307,000	6,154,000	5,652,000

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

Key Assumptions

	2022	2021	2020
Discount Rate	2.8%	2.2%	2.4%
Inflation (RPI)	3.5%	3.3%	2.6%
Inflation (CPI)	3.2%	2.9%	1.6%
Salary Growth	4.2%	3.9%	2.6%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance		

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme

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

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

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

Principal Actuarial Assumptions

Assumptions as at 31 March 2022	2022 %p.a.	2021 %p.a.	2020 %p.a.
Pension Increase Rate (CPI)	3.2%	2.9%	1.9%
Salary Increase Rate	3.9%	3.6%	3.0%
Discount Rate	2.7%	2.0%	2.3%

Members of the Scheme

	2022 No.	2021 No.	2020 No.
Employee members	8	8	9
Pensioners	4	4	3
	<u>12</u>	<u>12</u>	<u>12</u>

Expected Return on Assets

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

Asset Class	2022 % p.a.	2021 % p.a.	2020 % p.a.
Equities	64%	66%	59%
Bonds	24%	23%	26%
Property	10%	9%	13%
Cash	2%	2%	2%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

Mortality Rates

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and long term rate of employment of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	19.6	22.4
Future Pensioners	21.0	24.5

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme (continued)

Net Pension Liability	2022	2021
	£	£
Fair value of employer's assets	2,805,000	2,918,000
Present value of scheme liabilities	(2,805,000)	(2,918,000)
	-	-

Reconciliation of fair value of employer assets

	2022	2021
	£	£
Opening fair value of employer assets	2,918,000	2,358,000
Expected return on assets	62,000	59,000
Contributions by members	12,000	14,000
Contributions by the employer	8,000	52,000
Actuarial gains/(losses)	176,000	462,000
Estimated benefits paid	(47,000)	(42,000)
Surplus on assets recognised/(not recognised)	(324,000)	15,000
	2,805,000	2,918,000

Reconciliation of defined benefit obligations

	2022	2021
	£	£
Opening defined benefit obligation	2,918,000	2,358,000
Current service cost	103,000	84,000
Interest cost	59,000	55,000
Contributions by members	12,000	14,000
Actuarial gains / (losses)	(240,000)	449,000
Estimated benefits paid	(47,000)	(42,000)
	2,805,000	2,918,000

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme (continued)

Analysis of amount charged to the statement of comprehensive income

	2022 £	2021 £	2020 £
Charged to operating costs:			
Service cost	103,000	84,000	113,000
	<u>103,000</u>	<u>84,000</u>	<u>113,000</u>
Charged to other finance costs / (income)			
Expected return on employer assets	(62,000)	(59,000)	(64,000)
Interest on pension scheme liabilities	59,000	55,000	64,000
	<u>(3,000)</u>	<u>(4,000)</u>	<u>-</u>
Net charge to the statement of comprehensive income	<u>100,000</u>	<u>80,000</u>	<u>113,000</u>

Actuarial gain / (loss) recognised in other comprehensive income

	2022 £	2021 £	2020 £
Actuarial gain/(loss) recognised in year	416,000	13,000	245,000
Restriction on surplus	(324,000)	15,000	(185,000)
Cumulative actuarial gains	<u>92,000</u>	<u>28,000</u>	<u>60,000</u>

Analysis of projected amount to be charged to the statement of comprehensive income for the year ended 31 March 2023

	£	% of pay
Projected current service cost	(93,000)	(45.0)
Interest on obligation	(76,000)	(36.7)
Expected return on plan assets	89,000	43.0
	<u>(80,000)</u>	<u>(38.7)</u>

Contributions made by the Association for the year ended 31 March 2023 are estimated to be approximately £14,000.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

20. DEFERRED INCOME

	Social Housing Grants £	Non Housing Grants £	Total £
Capital grants received			
At 1 April 2021	49,184,443	98,358	49,282,801
Additions in the year	3,958,176	-	3,958,176
Eliminated on disposal	-	-	-
At 31 March 2022	<u>53,142,619</u>	<u>98,358</u>	<u>53,240,977</u>
Amortisation			
At 1 April 2021	23,169,044	70,821	23,239,865
Amortisation in year	920,535	3,935	924,470
Eliminated on disposal	-	-	-
At 31 March 2022	<u>24,089,579</u>	<u>74,756</u>	<u>24,164,335</u>
Net book value			
At 31 March 2022	<u>29,053,040</u>	<u>23,602</u>	<u>29,076,642</u>
At 31 March 2021	<u>26,015,399</u>	<u>27,537</u>	<u>26,042,936</u>

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

	2022 £	2021 £
Amounts due within one year	924,470	912,060
Amounts due in more than one year	28,152,172	25,130,876
	<u>29,076,642</u>	<u>26,042,936</u>

21. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2022 £	2021 £
At 1 April	139	153
Issued in year	15	4
Cancelled in year	-	(18)
At 31 March	<u>154</u>	<u>139</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

22. CASH FLOWS

Reconciliation of net cash flow to movement in net funds

	2022	2021
	£	£
Increase in cash	2,764,671	2,722,198
Change in liquid resources	(1,300,000)	900,408
Cashflow from change in net debt	178,348	144,031
Movement in net funds in the year	1,643,019	3,766,637
Net funds at 1 April	27,447,514	23,680,877
Net funds at 31 March	29,090,533	27,447,514

Analysis of changes in net funds

	01 April 2021	Cashflows	Changes	31 March 2022
	£	£	£	£
Cash and cash equivalents	3,836,440	2,764,671	-	6,601,111
Liquid resources	25,388,902	(1,300,000)	-	24,088,902
Debt: Due within one year	(145,243)	178,348	(155,770)	(122,665)
Due after more than one year	(1,632,585)	-	155,770	(1,476,815)
Net funds	27,447,514	1,643,019	-	29,090,533

23. CAPITAL COMMITMENTS

	2022	2021
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	274,204	517,321

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

24. DETAILS OF ASSOCIATION

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

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

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

25. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £90 (2021 - £9) in the year by way of reimbursement of expenses. No remuneration is paid to members in respect of their duties to the Association.

GLASGOW WEST HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

26. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2022 No.	2021 No.
General Needs - New Build	228	228
Shared ownership	2	2
General Needs - Rehabilitation	1,257	1,257
	<u>1,487</u>	<u>1,487</u>

27. RELATED PARTY TRANSACTIONS

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

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

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

	2022 £	2021 £
Rent received from tenants on the Management Committee and their close family members	<u>27,558</u>	<u>31,448</u>
Factoring charges received from factored owners on the Management Committee and their close family members	<u>591</u>	<u>591</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £Nil (2021 - £Nil).

At the year end total factoring arrears owed by owner occupiers on the Management Committee (and their close family) were £Nil (2021 - £Nil).

Members of the Management Committee who are tenants	5	7
Members of the Management Committee who are owner occupiers	1	1

28. CONTINGENT LIABILITY

The Trustees of the Pension Trust (The Trust) have completed a review of the changes made to the benefit structure of the defined benefit schemes within the Trust. The result of this review is that, in some cases, it is unclear whether the changes were made to the scheme benefits in accordance with The Trust's governing documentation.

The Trustees have been advised to seek direction from the Court on the effect of these changes. This process is ongoing and is unlikely to be resolved until late 2024 at the earliest. This may result in a contingent liability for the Association. However, the extent of this is unknown at this time and no allowance for this has been included in these accounts.

