



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2020

West Lothian Housing Partnership Limited

(A Charitable Company Limited by Guarantee)

(Company No. SC188968)

(Scottish Housing Regulator Registration No. 318)

(Scottish Charity No. SC031668)

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year to 31 March 2020.

Principal activities

The principal activity of West Lothian Housing Partnership Limited (“WLHP”, “West Lothian” or “the Partnership”) is the provision and management of affordable rented accommodation. WLHP is a wholly owned subsidiary of The Wheatley Housing Group Limited (“WHG” or “Wheatley”).

OPERATING REVIEW

It has been another strong year at West Lothian Housing Partnership.

The new-build programme continued with a further 83 homes for social rent being completed and work progressing on almost 200 more. Further improvements have been carried out to our existing homes and the Partnership has achieved solid results across a range of performance measures.

Sadly, the financial year ended with the emergence of the unprecedented Covid-19 pandemic, challenging our communities, our tenants, staff and our business as never before.

Together with the other partner organisations in Wheatley, WLHP moved quickly to support our customers and protect the business from some of the worst impacts of the crisis. A new service model was designed and launched within the first two weeks of lockdown. Our employees were equipped to work from home, supported by Wheatley Group’s I.T. team. A virtual call centre was created, with advisors at home providing a 24/7 service and a restricted range of emergency and essential services was put in place.

Specific responses to the pandemic were launched across the Group including our *EatWell* emergency food service which expanded significantly to deliver food parcels to dozens of WLHP households.

The crisis necessitated a halt to many of our activities including our investment and new build programmes. Nevertheless, we finished the financial year having completed our ambitions set out in our five-year strategy *Investing in our Futures*, and reporting a solid business performance.

The highlights of the year include:

Homes and communities

Building new homes

WLHP built 83 new affordable homes over the year, all of them for social rent.

Our completed new homes were:

- 77 at Barracks View, Whitburn
- Six at Tulloch Lane Livingston

We also progressed work on 146 new homes at Almondvale in Livingston, and 42 homes at Jarvey Street in Bathgate, and the final eight homes in Barracks View.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Investing in our homes

In 2019/20, we delivered £290k of planned improvements in our homes and communities. This included:

- £70k on new high efficiency boilers for 20 homes
- £56k on new smoke detectors for 144 homes
- £37k on upgraded bathrooms including new showers, wallboard and flooring for 10 homes

Improving our neighbourhoods

Creating clean, green and safe neighbourhoods where people are proud to live remained one of our priorities.

Wheatley's Community Improvement Partnership ("CIP") – made up of seconded police and fire officers and our own staff – continued to work with WLHP communities to tackle anti-social behaviour, crime and fire safety.

Our refreshed *Stay Safe* campaign saw more than 3,000 home fire safety visits carried out across Wheatley communities in 2019/20, with the total number of accidental fires in Wheatley homes falling by 10%.

Our repairs service

We continued our mission to improve our repairs and maintenance service, which has been provided by our fellow Wheatley subsidiary organisation Dunedin Canmore since 2017.

We launched improvements to the service from September 2019. These included:

- Setting up a specialist repairs team within our customer contact centre, with full training delivered to 34 specialist call-handlers
- Introducing a 'next day' appointments service.

Our improving performance

We continued to see high levels of satisfaction among our customers.

A total of 89% of WLHP tenants feel their home represents good value for money, up from 84% the previous year.

The percentage of WLHP tenants satisfied overall with their landlord was at 95%, while 92% were happy with the quality of their home.

We will be working closely with our customers over the next 12 months to ensure they get as much value from their home and our services as they can.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Supporting our customers

More than a fifth of Wheatley customers are now on Universal Credit (“UC”), an increase of almost 10% from last year. WLHP has 21% of customers in receipt of UC.

We continued to support our customers through the challenges they faced, particularly around the five week delay in getting their first payment.

This year we brought our money advice support staff together into a new dedicated UC team to provide even more targeted support, while we also seconded a staff member from the DWP to help improve the delivery of the benefit.

Wheatley advisors helped customers across Group claim over £11m in benefits they were entitled to last year, and over the next twelve months we will continue to do all we can to support customers cope with the difficulties posed by UC.

We continued to support our customers to get online and to encourage them to engage with us through our digital channels as well as through our online self-service accounts.

The past year saw a 34% increase in the number of WLHP customers registered for our online services, and a 37% increase in the number of transactions online.

Working with Wheatley Foundation and Wheatley 360, we:

- created four opportunities for people from our homes to get into work or training with three of our customers benefiting;
- supported seven new tenants with household budgeting, running a home and settling into their community through “My Great Start”;
- awarded one young person from our homes a bursary to go to university or college; and
- provided free books every month to 40 children under five in our homes through the Dolly Parton Imagination Library initiative.

Independent auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor is to be proposed at the forthcoming Annual General Meeting.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

Income

WLHP's turnover from operations (excluding finance income) for the year ended 31 March 2020 totalled £8,066k (2019: £4,858k). Rental income, net of void losses accounted for £2,160k (2019: £1,762k) of the total income with the balance of £5,906k (2019: £3,096k) relating to grant income recognised in the year on completion of new build properties and medical adaptations.

Expenditure

Operating costs in the year totalled £1,763k (2019: £1,673k), largely comprising of the following:

- Management and maintenance administration costs associated with affordable letting activities totalling £355k (2019: £361k).
- £184k of planned and cyclical maintenance costs to our social housing properties (2019: £186k).
- £231k of reactive maintenance costs to our social letting properties (2019: £203k).
- Depreciation expenditure for social and non-social housing assets of £990k (2019: £798k), with the increase driven by the growth in property numbers.

WLHP generated an operating surplus of £6,264k (2019: £3,185k) in the year.

Total comprehensive income for the year of £407k (2019: loss of £1,139k) includes a decrease in the value of social housing properties of £5,324k (2019: decrease of £4,185k) as a result of the differential between the construction cost of new build properties and the EUV-SH valuation methodology and an actuarial gain of £72k (2019: loss of £55k) in respect of the SHAPS pension scheme.

Cashflows

The cash flow statement of WLHP is shown on page 15. During the year there was a net cash outflow of £1,184k from operating activities (2019: cash inflow of £4,646k) due to the timing of supplier payments at the year end. Cash and cash equivalents in the year decreased by £1,275k (2019: increased by £1,709k).

Liquidity

WLHP reported net current liabilities of £11,189k as at 31 March 2020 – an increase of £2,644k from the position reported as at 31 March 2019. This was largely due to an increase in deferred Housing Association Grant income held in creditors due to be released on completion of new build properties in 2020/21. Creditors due after more than one year (excluding deferred income) have increased by £4,751k, driven by additional loan draw down in the year to fund new build developments.

Capital structure and treasury

WLHP's activities are funded on the basis of a Business Plan which is updated annually. WLHP's long-term funding is provided through the Group financing subsidiary Wheatley Funding No. 1 Limited ("WFL1"), as detailed in note 18. WLHP has access to an intra-group facility of £61.1m. Interest rate risk is managed at a group level by WFL1.

Investment in tenants' homes

During the year we invested £290k in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £37,519k (2019: £31,664k).

Reserves policy

Under the Statement of Recommended (Accounting) Practice ("SORP") 2014 and Financial Reporting Standard ("FRS") 102, WLHP operates with one principal reserve: a revenue reserve.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Revenue reserve

Revenue reserve includes historic grant received in respect of the following:

- new build housing properties
- specific projects for which subsidy has been received, such as investment in the energy efficiency of our homes

These grants have been invested for the specific purposes prescribed in the related grant conditions, with this activity typically resulting in an increase in the value of housing properties in WLHP's Statement of Financial Position. WLHP has no ability to realise new cash from this element of reserves, since selling the related assets which were constructed or improved with the grant funds would trigger clawback conditions and require repayment of grant to the Scottish Government or other grant providers. Furthermore, it is not WLHP's policy to sell social housing assets; on the contrary, continuing to own and support these while providing excellent services to customers is core to WLHP's charitable purpose.

The residual amount of revenue reserves may be invested by WLHP in line with its 30-year business plan financial projections. Such investment is subject to WLHP maintaining a viable financial profile over the life of its business plan, as well as approval by the Wheatley Group Board. In approving WLHP's business plan annually, the Wheatley Group Board will take into account projected compliance with the loan covenants which apply to the Wheatley RSL Borrower Group, as well as the impact of sensitivity analysis and other risk factors which may apply.

By order of the Board



John M Hill, Chair
8 September 2020

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

DIRECTORS' REPORT (continued)

WEST LoTHIAN HOUSING PARTNERSHIP BOARD AND RELATED MATTERS

Directors and directors' interests

The directors of WLHP who held office during the year and up to the signing of the financial statements were:

John Hill (Chair)

Mairi Martin

Lesley-Anne Williams*

Lesley Bloomer

Judith McGlashan*

Bryan Sherriff (appointed 6 January 2020)

Gregor Dunlay (appointed 10 February 2020)

Alan McCloskey (appointed 12 March 2020)

Gordon Smith (appointed 17 March 2020)

Fiona Burden (appointed 17 September 2019, resigned 23 March 2020)

Nadeem Hanif (resigned 26 April 2019)

Lorraine Smart (resigned 17 September 2019)

Bill Yeoman (resigned 3 February 2020)

* tenant of WLHP

No directors who held office during the year held any disclosable interest in the shares of the company.

Creditor payment policy

WLHP agrees payment terms with its suppliers when it enters into contracts. The average creditor payment period for the year was within 30 days.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

Basis of preparation

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. As such, the Company has taken exemption from preparing a strategic report.

DIRECTORS' REPORT (continued)

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

The Directors acknowledge their responsibility for ensuring that the company has in place systems of control that are appropriate to its business environment.

- The reliability of financial information within the Association, or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition.

The systems of internal financial control, which are under regular review, are designed to manage rather than to eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

The key procedures which have been established are as follows:

- Detailed standing orders covering Board structure, election, membership and meetings;
- Financial regulations and procedures with clear authorisation limits;
- Regular Board meetings, focusing on areas of concern, reviewing management reports;
- Audit and Compliance reporting focussing on areas of concern and reviewing management reports;
- Regular review of cashflow and loan portfolio performance;
- Regular review of tendering process, rent accounting, arrears control and treasury management;
- Segregation of duties of those involved in finance;
- Identification and monitoring of key risks by the management committee; and
- Monitoring the operation of the internal financial control system by considering regular reports from management, internal and external auditors and ensuring appropriate corrective action is taken to address any weaknesses.

The Directors confirm that they have reviewed the effectiveness of the systems of internal control. No weaknesses have been found which would have resulted in material losses, contingencies or uncertainties which require to be disclosed in the financial statements.

Principal risks facing the Company

The Board are responsible for assessing the risks facing West Lothian Housing Partnership. As a subsidiary of Wheatley Housing Group, the principal risks are broadly similar to those facing the Group and can be seen in the consolidated financial statements of the Group.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board



John M Hill, Chair
8 September 2020

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST LOTHIAN HOUSING PARTNERSHIP LIMITED

Opinion

We have audited the financial statements of West Lothian Housing Partnership Limited (“the association”) for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the association’s affairs as at 31 March 2020 and of the income and expenditure of the association for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association’s Board has prepared the financial statements on the going concern basis as it does not intend to liquidate the association or to cease its operations, and as it has concluded that the association’s financial position means that this is realistic. The Board has also concluded that there are no material uncertainties that could have cast significant doubt over the association’s ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board’s conclusions, we considered the inherent risks to the association’s business model and analysed how those risks might affect the association’s financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor’s report is not a guarantee that the association will continue in operation.

Other information

The directors are responsible for the other information, which comprises the Directors’ Report and the Directors’ Statement on Internal Financial Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST LOTHIAN HOUSING PARTNERSHIP LIMITED (continued)

- we have not identified material misstatements in the other information;
- in our opinion the information given in the directors' report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

We are also required to report to you if, in our opinion:

- the Directors' Statement on Internal Financial Control on page 8 does not provide the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- the Directors' Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing the audit.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects

Board's responsibilities

As more fully explained in the statement set out on page 9, the association's Board is responsible for: the preparation of the financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the association 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 as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Wilkie (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

KPMG

319 St Vincent Street

Glasgow, G2 5AS

21 September 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
Turnover	3	8,066	4,858
Operating expenditure	3	(1,802)	(1,673)
Operating surplus		6,264	3,185
Loss on disposal of fixed asset	8	(5)	(12)
Finance income	9	1	1
Finance charges	10	(601)	(73)
Decrease in valuation of housing properties		(5,324)	(4,185)
Surplus/(loss) for the year		335	(1,084)
Actuarial gain/(loss) in respect of pension schemes		72	(55)
Total comprehensive income/ (loss) for the year		407	(1,139)

All amounts relate to continuing operations.

The notes on pages 16 to 32 form part of these financial statements.

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH
2020**

	Revenue Reserve £'000
Balance at 1 April 2018	8,595
Total comprehensive loss	(1,139)
Balance at 1 April 2019	<u>7,456</u>
Total comprehensive income	407
Balance at 31 March 2020	<u>7,863</u>

All amounts relate to continuing operations.

The notes on pages 16 to 32 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

		2020 £'000	2019 £'000
	Note		
Fixed assets			
Social housing properties	14	37,519	31,664
Other tangible assets	15	258	238
		<u>37,777</u>	<u>31,902</u>
Pension asset	20	3	-
Current assets			
Trade and other debtors	16	167	288
Cash and cash equivalents		683	1,958
		<u>850</u>	<u>2,246</u>
Creditors: amounts falling due within one year	17	(12,042)	(10,791)
		<u>(11,189)</u>	<u>(8,545)</u>
Net current liabilities			
		<u>(11,189)</u>	<u>(8,545)</u>
Total assets less current liabilities		26,588	23,357
Creditors: amounts falling due after more than one year	18	(18,725)	(15,739)
Provisions for liabilities			
Other provisions	19	-	(60)
Pension liability	20	-	(102)
		<u>7,863</u>	<u>7,456</u>
Total net assets		<u>7,863</u>	<u>7,456</u>
Reserves			
Revenue reserve		7,863	7,456
		<u>7,863</u>	<u>7,456</u>
Total reserves		<u>7,863</u>	<u>7,456</u>

These financial statements were approved by the Board on 12 August 2020 and were signed on its behalf on 8 September 2020 by:



John M Hill
Chair

The notes on pages 16 to 32 form part of these financial statements.
Company Registration Number SC188968

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
Net cash generated from operating activities	22	<u>(1,184)</u>	<u>4,646</u>
Cash flow from investing activities			
Improvement of properties	14	(290)	(249)
New build		(11,600)	(11,582)
Purchase of other fixed assets	15	(84)	(16)
Grants received	18	8,013	6,372
Interest received	9	<u>1</u>	<u>1</u>
Net cash from investing activities		(3,960)	(5,474)
Cash flows from financing activities			
Interest paid		(882)	(463)
Intra-group loan drawn down		<u>4,751</u>	<u>3,000</u>
Net cash from financing activities		3,869	2,537
Net change in cash and cash equivalents		(1,275)	1,709
Cash and cash equivalents at 1 April		1,958	249
Cash and cash equivalents at 31 March		<u>683</u>	<u>1,958</u>

The notes on pages 16 to 32 form part of these financial statements

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

1. Legal status

West Lothian Housing Partnership Limited (“WLHP” or “the Partnership”) is a company limited by guarantee registered under the Companies Act and is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. WLHP provides social housing and associated services for general needs. The registered office is Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL. WLHP is a public benefit entity.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, to all periods presented in these financial statements.

Basis of accounting

The financial statements of WLHP are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2019, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2014 (“SORP 2014”), issued by the National Housing Federation, and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Group and Company prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2020 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of Covid-19 the Group and Company have revised forecasts based on updated scenarios, including severe but plausible downsides.

The Board, after reviewing the Group and Company budgets for 2020/21 and the Group and Company’s financial position as forecast in the 30-year business plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Company have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions have been increased to allow for customer difficulties in making payments and budget and business plan scenarios have been updated to take account of potential future changes in rent increases;
- The property market – budget and business plan scenarios have taken account of delays in new build handovers;
- Maintenance costs – budget and business plan scenarios have been modelled to take account revised profiles of repairs and maintenance expenditure, with major works being phased into future years;

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

2. Accounting policies (continued)

- Development activity – forecast development expenditure has been modelled to take account of potential revised investment profiles;
- Liquidity – current available cash of £0.7m and access to undrawn loan facilities arranged through WFL1 of £310.5m, which are available to West Lothian Housing Partnership and certain other Group RSLs, gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group and Company's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The Board believe the Group and Company have sufficient funding in place and expect the Group and Company to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Discount rates have been used in the valuation of housing properties and in the assessment of the fair value of financial instruments. The rates used are subject to change and are influenced by wider economic factors over time.

Accounting judgements and estimations

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

Judgements have been made in:

- Determining the appropriate discount rates used in the valuation of housing properties;
- Component accounting and the assessment of useful lives;
- Allocation of share of assets and liabilities for multi-employer pension schemes. Judgments 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 Group's actuarial advisers.

Related party disclosures

WLHP has taken advantage of the exemption, available under FRS 102, from disclosing related party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Turnover

Turnover represents income receivable from lettings and service charges, fees receivable, grants and other income.

Grant income

Where grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, which are held at valuation, it is recognised as income using the performance model in accordance with the SORP 2014. Prior to satisfying the performance conditions, capital grant is held as deferred income on the Statement of Financial Position.

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

2. Accounting policies (continued)

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

Financial instruments

Loans provided to some subsidiary members of the Group by the banking syndicate through the subsidiary, Wheatley Funding Number 1 Limited (“WFL1”), are classed as basic under the requirements of FRS 102, and are measured at amortised cost. All financial assets and liabilities are held at amortised cost.

Deposits and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

Pensions

West Lothian Housing Partnership Limited previously participated in the Pensions Trust Scottish Housing Association Pension Scheme (“SHAPS”) Defined Benefit Pension Scheme. The scheme is now closed, with members transferring to the SHAPS Defined Contribution Scheme on 1 September 2014. Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. In accordance with FRS 102, WLHP’s share of the scheme assets and liabilities have been separately identified and are included in the Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. WLHP’s share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension schemes.

A Wheatley Group defined contribution scheme administered by the Salvus Master Trust has also been made available to all employees.

Fixed assets - housing properties

In accordance with SORP 2014, WLHP operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

- **Valuation of Social Housing Stock**

Social housing properties are valued annually on an Existing Use Value for Social Housing (“EUV-SH”) basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Annual valuation movements are reported in the Statement of Comprehensive Income. Housing properties are initially stated at cost, being their purchase price together with the cost of capitalised improvement works and repairs that result in incremental future benefits from the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

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

2. Accounting policies (continued)

• Depreciation and impairment

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, WLHP's asset management strategy and the requirement of Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, WLHP has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

	<u>Economic Life</u>
Land	Not depreciated
Bathrooms	25 years
External environment	20 years
Heating system boiler	12 years
Internal works & common areas	20 years
Kitchens	20 years
Mechanical, Electrical & Plumbing	25 years
Structure & roofs	50 years
Windows and doors	30 years

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion.

Where there is evidence of impairment, the fixed assets are written down to the fair value after deducting costs to sell, and any write down is charged to operating surplus.

• New Build

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

WLHP's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including staff costs attributable to the delivery of the capital investment programme;
- The cost of packages of work completed on void properties; and
- Other directly attributable internal and external costs.

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

Housing Association Grant and other capital grants

Housing Association Grant ("HAG") is received from central government agencies and local authorities and is utilised to reduce the capital cost of housing properties.

HAG is recognised as income in the Statement of Comprehensive Income under the performance model. HAG due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the period to which it relates.

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

2. Accounting policies (continued)

Properties are disposed of under the provisions contained in the Housing (Scotland) Act 2014. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is accounted for as a liability. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay is disclosed as a contingent liability.

Other tangible fixed assets

For other tangible fixed assets, depreciation is charged on a straight-line basis over the expected useful economic lives of fixed assets to write off the cost, or valuation, less estimated residual values over the following expected lives. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

	<u>Economic life</u>
Office improvements	10 years
Furniture, fittings and office equipment	3 years

Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Provisions

The Group only provides for liabilities at the year-end where there is a legal or constructive obligation incurred which will likely result in the outflow of resources.

Taxation

WLHP is considered to pass the tests as set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Association is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 1992 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Value Added Tax

WLHP is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes.

3. Particulars of turnover, operating expenditure and operating surplus/(deficit)

	2020			2019
Turnover	Operating costs	Operating surplus/ (deficit)	Operating surplus/ (deficit)	
£'000	£'000	£'000	£'000	
Affordable letting activities (note 4)	8,066	(1,763)	6,303	3,329
Other activities (note 5)	-	(39)	(39)	(144)
Total	8,066	(1,802)	6,264	3,185
Total for previous reporting period	4,858	(1,673)	3,185	

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

4. Particulars of turnover, operating expenditure and operating surplus from affordable letting activities

	2020 General Needs £'000	2019 General Needs £'000
Rent receivable net of service charges	2,160	1,762
Service charges	-	-
	2,160	1,762
Gross income from rents and service charges	2,160	1,762
Less rent losses from voids	-	-
	2,160	1,762
Net income from rents and service charges	2,160	1,762
Grants released from deferred income	5,906	3,096
Total turnover from affordable letting activities	8,066	4,858
Management and maintenance administration costs	(355)	(361)
Service costs	(3)	(2)
Planned and cyclical maintenance including major repairs costs	(184)	(186)
Reactive maintenance costs	(231)	(203)
Bad debts – rents and service charges	-	(29)
Depreciation of affordable let properties	(990)	(748)
	(1,763)	(1,529)
Operating costs from affordable letting activities	(1,763)	(1,529)
	6,303	3,329
Operating surplus from affordable letting activities	6,303	3,329

The disclosure of turnover, operating costs and operating surpluses from affordable letting activities reflects the requirements of the Housing SORP 2014.

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

5. Particulars of turnover, operating expenditure and operating surpluses from other activities

	Grants from Scottish Ministers £'000	Other revenue £'000	Total Turnover £'000	Total Operating Costs £'000	2020 Operating Surplus/ (deficit) £'000	2019 Operating deficit £'000
Depreciation – non social housing	-	-	-	(63)	(63)	(50)
Organisation restructuring	-	-	-	60	60	(60)
Wider role activities to support the community	-	-	-	(36)	(36)	(34)
Total from other activities	-	-	-	(39)	(39)	(144)
Total from other activities for the previous reporting period	-	-	-	(144)	(144)	

6. Board members' emoluments

Board members received £nil (2019: £nil) by way of reimbursement of expenses.

7. Employees

	2020 No.	2019 No.
The average monthly number of full time equivalent persons employed during the year was	7	7
The average total number of employees employed during the year was	7	8

Key management personnel are employed by another Group subsidiary and have responsibility for planning, directing and controlling activities across all subsidiaries in the Group. The emoluments payable to Group key management personnel is disclosed in the Wheatley Group financial statements. West Lothian Housing Partnership is recharged an appropriate share of the emoluments. For the year ended 31 March 2020 this amounted to £3k (2019: £3k)

	2020 £'000	2019 £'000
Staff costs during the year were as follows:		
Wages and salaries	227	270
Social security costs	22	27
Pension costs	26	33
FRS 102 pension adjustment	(35)	(13)
	<u>240</u>	<u>317</u>

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

8. Loss on disposal of fixed assets

	2020	2019
	£'000	£'000
Proceeds	-	-
Value of components (properties held for let) disposed of	(5)	(12)
	(5)	(12)

9. Finance income

	2020	2019
	£'000	£'000
Bank interest receivable on deposits in the year	1	1
	1	1

10. Finance charges

	2020	2019
	£'000	£'000
Interest payable on intra group loans	599	71
Net interest charge on pension liability	2	2
	601	73

11. Auditor's remuneration

	2020	2019
	£'000	£'000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of these financial statements	8	7

12. Financial commitments

Capital commitments

All capital commitments of WLHP were as follows:

	2020	2019
	£'000	£'000
Expenditure contracted for, but not provided in the financial statements	11,284	5,548
Expenditure authorised by the Board but not contracted	7,525	7,159
	18,809	12,707

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

13. Operating leases

At 31 March WLHP had total commitments under non-cancellable operating leases as follows:

	2020 £'000	2019 £'000
	Land and Buildings	Land and Buildings
Commitments falling due:		
Within one year	18	11
In the second to fifth years inclusive	72	-
Over five years	86	-
	176	11

14. Social Housing Properties

	Core Stock £'000	Housing Under Construction £'000	Total £'000
At valuation			
At 1 April 2019	18,309	13,355	31,664
Additions	290	11,884	12,174
Transfers	11,980	(11,980)	-
Disposals	(26)	-	(26)
Revaluation	(6,293)	-	(6,293)
At 31 March 2020	24,260	13,259	37,519
Accumulated Depreciation			
At 1 April 2019	-	-	-
Charge for year	990	-	990
Disposals	(21)	-	(21)
Revaluation	(969)	-	(969)
At 31 March 2020	-	-	-
Net Book Value – valuation			
At 31 March 2020	24,260	13,259	37,519
At 31 March 2019	18,309	13,355	31,664
Net Book Value – cost			
At 31 March 2020	42,580	13,259	55,839
At 31 March 2019	31,468	13,355	44,823

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

14. Social Housing Properties (continued)

Total expenditure in the year on existing properties was £705k (2019: £638k). Of this, repair costs of £415k (2019: £389k) were charged to the Statement of Comprehensive Income (note 4) and capital works of £290k (2019: £249k) were included as additions to properties held for letting on the Statement of Financial Position (note 14). Additions to core stock in the year of £290k (2019: £249k) in the year include:

- £236k for component additions including:
 - £37k on bathrooms;
 - £70 on heating system boilers;
 - £4k on internal works and common areas;
 - £4k on kitchens;
 - £57k on mechanical, electrical and plumbing; and
 - £8k on windows and doors.

- The remaining balance of £54 of additions to existing properties not associated with a specific component includes £31k on void improvements and £17k of medical adaptations.

Additions to housing under construction include capitalised interest costs of £284k (2019: £392k). Interest has been capitalised at the weighted average interest cost for the Association of 4.89% (2019: 4.68%)

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors (“RICS”) to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RCIS at 31 March 2020 on an Existing Use Valuation for Social Housing (“EUV-SH”). Discount rates between 5.75-6.50% have been used depending on the property archetype (2019: 5.75-7.50 % retained stock). The valuation assumes a rental income increase of inflation +0.5% for retained stock, in line with the WLHP’s 30 year Business Plan (2020/21). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

The number of units of accommodation owned and managed by WLHP at 31 March is shown below:

	2019	2018
	No.	No.
General Needs	519	436

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

15. Other tangible assets

	Office improvements £'000	Furniture and equipment £'000	Total £'000
At valuation			
At 1 April 2019	494	17	511
Additions	76	7	83
At 31 March 2020	570	24	594
Accumulated Depreciation			
At 1 April 2019	256	17	273
Charge for year	61	2	63
At 31 March 2020	317	19	336
Net Book Value			
At 31 March 2020	253	5	258
At 31 March 2019	238	-	238

16. Trade and other debtors

	2020 £'000	2019 £'000
Arrears of rent and service charges	74	42
Less: provision for bad and doubtful debts	(35)	(34)
	39	8
Prepayments and accrued income	2	-
Other debtors	76	49
Due from other group companies	50	231
Total	167	288

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	9	2,225
Accruals	770	1,235
Deferred income (note 18)	10,387	6,515
Other creditors	77	79
Rent and service charges received in advance	61	44
Tax and social security	5	10
Due to other group companies	733	683
Total	12,042	10,791

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

18. Creditors: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Deferred income	-	1,765
Due to other group companies	18,725	13,974
	18,725	15,739

Bank lending facility

Borrowing arrangements are in place via a Group facility consisting of bank and capital markets debt, secured on charged properties belonging to each of the RSLs within the Wheatley Housing Group. This facility was made up of a committed facility of £657.3m from a syndicate of commercial banks, two committed facilities totalling £282.9m from the European Investment Bank, £300.0m raised through the issue of a public bond, £150.0m private placement loan notes with BlackRock Real Assets and £100.0m facility with HSBC. This provided total facilities of £1,490.2m for RSLs within the Wheatley Group to develop new housing. This facility is provided through Wheatley Funding No. 1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Limited, with WLHP having access to an intra-group facility of £61.1m, secured on its housing stock. Interest in the year has been charged at 4.89% (2019: 4.68%).

Borrowings are repayable as follows:

	2020	2019
	£'000	£'000
In less than one year	-	3
In more than one year but less than five years	-	-
In more than five years	18,725	13,971
	18,725	13,974

The deferred income balance is made up as follows:

	Housing Association Grant £'000
Deferred income as at 31 March 2019	8,280
Additional income received	8,013
Released to the Statement of Comprehensive Income	(3,096)
Deferred income as at 31 March 2020	10,387

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

Deferred income to be released to the Statement of Comprehensive Income:

	2020	2019
	£'000	£'000
In less than one year (note 17)	10,387	6,515
In more than one year but less than five years	-	1,765
In more than five years	-	-
	10,387	8,280

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

19. Provisions for liabilities and charges

	Dilapidation Provision £'000
At 1 April 2019	60
Created in year	-
Utilised	-
Released in year	60
	60
At 31 March 2020	-

Dilapidation Provision

This provision relates to the estimated costs of dilapidation works required under lease contracts for office properties leased by WLHP.

20. Pensions

Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit

West Lothian Housing Partnership participated in the Pensions Trust Scottish Housing Association Pension Scheme (“SHAPS”) defined benefit section. This is a multi-employer defined benefit scheme and is funded and contracted out of the State Pension Scheme. West Lothian Housing Partnership transferred to the SHAPS Defined Contribution scheme with effect from 1 September 2014.

The Trustee commissions an actuarial valuation of the Scheme every three years, with the last formal valuation of the Scheme being carried out at 30 September 2018.

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. FRS 102 requires the disclosure of the Group’s share of the assets and liabilities of the scheme within the financial statements and an evaluation of the scheme assets and liabilities has been carried out by an independent actuary as at 31 March 2020.

Following consideration of the results of the last valuation at 30 September 2018, the shortfall in the scheme reduced from £198m to £121m. It was agreed that this would continue to be dealt with by the payment of additional contributions. These were previously set at 5.4% of pensionable salaries per annum with effect from 1st April 2014 for a period of 8 years with the scheme expected to reach a fully funded position by 2022. The next formal valuation of the scheme is due to be carried out at 30 September 2021 and to ensure the ongoing funding of the scheme whilst the valuation is prepared, the Trustees have agreed to extend the period over which additional contributions are payable by one year to March 2023. Past service deficit contributions continue to increase each 1st April at a rate of 3%.

As a result of Pension Scheme legislation 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.

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

20. Pensions (continued)

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

The assumptions that have the most significant effect on the results of the valuation of the Group defined benefit pension arrangements are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	31 March 2020	31 March 2019
Discount rate	2.45%	2.60%
Future salary increases	2.20%	2.00%*
Inflation (CPI)	1.90%	2.35%

* Salary increases were assumed to be 2.20% p.a. for 2019/20 and 2.00% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2020, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.7 years (male) (2019 21.7 years), 22.9years (female) (2019 23.4 years).
- Future retiree upon reaching 65: 22.2 years (male) (2019 23.1 years), 24.6years (female) (2019 24.7 years).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The information disclosed below is in respect of the whole of the plans for which WLHP has been allocated a share of cost under an agreed policy throughout the periods shown.

Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit

Movements in present value of defined benefit obligation

	2020	2019
	£'000	£'000
Opening defined benefit obligation	624	467
Interest cost	16	13
Actuarial (gains)/ losses	(6)	146
Estimated benefits paid	(2)	(2)
Closing defined benefit obligation	632	624

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

20. Pensions (continued)

Movements in fair value of plan assets

	2020	2019
	£'000	£'000
Opening fair value of plan assets	522	409
Expected return on plan assets	66	91
Interest income	14	11
Contributions by the employer	35	13
Estimated benefits paid	(2)	(2)
Closing fair value of plan assets	635	522
Net asset/ (liability)	3	(102)

Amounts recognised in statement of comprehensive income

	2020	2019
	£'000	£'000
Interest on defined benefit pension plan obligation – finance charges	16	13
Expected return on defined benefit pension plan asset – finance charges	(14)	(11)
Net cost	2	2

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is £72k gain (2019: £55k loss).

The fair value of the plan assets and the return on those assets were as follows:

	2020	2019
	£ 000	£ 000
Equities	128	121
Corporate bonds	222	235
Property	25	10
Alternatives	222	146
Cash	38	10
	635	522
Actual return on plan assets	66	91

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

21. Related party transactions

In general, WLHP gives West Lothian Council full nomination rights for all initial house lets, reverting to 50% nominations for subsequent vacancies thereafter.

WLHP retains a register of members' interests. The following interests in related parties are required to be declared:

Tenant Board Members

The following members are tenants of WLHP and have tenancies that are on WLHP's normal tenancy terms and they cannot use their positions to their advantage.

Lesley -Anne Williams
Judith McGlashan

Transactions and arrear balances outstanding at 31 March 2020 are as follows:

	2020
	£'000
Rent charged during the year	9
Arrear balances outstanding at 31 March 2020	-

Other related parties

Related party interests and transactions during the year are as follows:

	Paid in the year	Year end
	£'000	balance
		£'000
2020		
Pensions Trust Scottish Housing Association Pension Scheme	35	-

All transactions were on commercial terms and at arm's length.

There were no other related party transactions during the year.

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

22. Cash Flow Analysis

Reconciliation of surplus to net cash inflow from operating activities

	2020	2019
	£'000	£'000
(Deficit)/surplus for the financial year	335	(1,084)
Depreciation of property, plant and equipment	1,053	798
Decrease/(increase) in trade and other receivables	121	635
Increase/(decrease) in trade payables	(2,621)	3,077
Increase in provisions	(60)	60
Pension costs less contributions payable	(35)	(13)
<i>Adjustments for investing or financing activities:</i>		
Loss on disposal of fixed assets	5	12
Government grants utilised in the year	(5,906)	(3,096)
Interest paid	601	73
Interest received	(1)	(1)
Decrease/(reversal of previous decrease) in valuation of housing properties	5,324	4,185
Net cash generated from operating activities	(1,184)	4,646

23. Ultimate parent organisation

WLHP is a wholly owned subsidiary undertaking of Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

The only group into which the results of WLHP are consolidated is Wheatley Housing Group Limited. The consolidated financial statements of Wheatley Housing Group Limited may be obtained from the registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

24. Post-balance sheet event.

As part of a restructure of the social housing activities of the Group, the ownership of 215 social rent properties was transferred to WLHP from Barony Housing Association Limited on 17 May 2020.

SUPPLEMENTARY INFORMATION

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