



# ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2021

**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 2021.

### 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

The year will be remembered as an extraordinary and exceptionally difficult one, with unprecedented circumstances affecting the business, our staff, and most importantly, our customers.

The pandemic left many WLHP customers facing severe financial hardship, and while the safety of our staff and customers remained our absolute top priority throughout the year, our focus was on providing rapid support to customers when they needed us most.

We opened the year with a new service model already in place, with housing staff and customer service advisors working from home. Repairs and maintenance services were limited to emergency and essential repairs, along with gas safety checks and servicing.

Capital investment critical in terms of health and safety, including the installation of smoke and heat detectors, continued throughout the year, as did external capital work. Non-essential internal investment work was suspended. Our Neighbourhood Environmental Teams continued to work in WLHP communities.

As an agile, flexible organisation, WLHP responded quickly and decisively to changes in government guidance over the year.

When lockdown restrictions were temporarily eased, we increased the range of services we could carry out, such as stair-cleaning and a wider range of repairs but reverted back to emergency and essential services as restrictions tightened again. Our new-build programme, suspended at the start of the year, resumed in June.

At all times we did everything possible to protect both customers and staff through strict adherence to health-and-safety practices and the use of the appropriate Personal Protective Equipment ("PPE").

Wheatley Foundation's emergency food service *EatWell* and *Emergency Response Fund* were at the forefront of the Group's customer support package, particularly during the first six months of the year. *Eat Well* supported 280 WLHP households with food packs or vouchers in 2020/21.

The *Emergency Response Fund*, set up to alleviate hardship and isolation during the pandemic, helped 59 WLHP customers with one-off essential purchases, ranging from fridges and mobile phone-top ups to family activity packs.

Throughout the year, housing officers working from home made thousands of welfare calls to ensure those in crisis got immediate help. Welfare benefits advice was particularly significant during this period.

## **DIRECTORS' REPORT (continued)**

### **OPERATING REVIEW (continued)**

Despite the unparalleled circumstances and restrictions on our activities this year, we completed eight new homes over the year, progressed work on another 190, and invested £262k in planned improvements to our homes and communities.

The planned transfer of 215 social housing properties from Barony Housing Association was completed on 17 May 2020, this transfer, along with the new build completions in the year took the total number of social housing properties owned by West Lothian Housing Partnership up to 742.

The effects of the pandemic will be with us for years to come, but our strong position as part of Wheatley Group, our Think Yes culture and our track record in rapidly developing new and enhanced services to support our customers means we can be confident in facing future challenges.

Here are some of the highlights of the year:

#### **Homes and communities**

##### Building new homes

WLHP built eight new homes for social rent at Dixon Terrace, Whitburn.

We also progressed work on 120 new homes at Almondvale in Livingston; eight at Blackness Road, Linlithgow; 42 at Jarvey Street, Bathgate; and 20 new homes at Winchburgh, on the outskirts of Edinburgh.

##### Investing in our homes

Despite the restrictions caused by the pandemic this year, we still delivered £262k of improvements to homes and communities.

This included new smoke and heat detectors for 178 homes and new boilers for 12 homes.

##### Improving our neighbourhoods

Despite the restrictions, we continued our work to create clean and safe neighbourhoods people are proud to live in.

As local authorities suspended bulk uplifts, our environmental teams provided that service in WLHP communities.

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.

While Covid restrictions meant home fire safety visits were suspended over the year, we continued to support customers over the phone and online.

## **DIRECTORS' REPORT (continued)**

### **OPERATING REVIEW (continued)**

#### Letting homes

While our allocations were suspended in the early part of the year, we resumed letting in August and allocated homes to those in priority need, mainly homeless households.

Over the year, Wheatley allocated 30 homes to homeless people. We recognised the challenge all local authorities faced in fulfilling their statutory duty to the homeless, as well as the greater risk the Coronavirus posed to homeless people.

#### Our repairs service

At the start of financial year 2020/21, our repairs and maintenance service was restricted to emergency and essential services only and throughout the year, our overriding priority was the safety of our staff and customers.

As lockdown restrictions were temporarily eased, we were able to increase the range of essential repairs we could carry out, but reverted back to emergency and essential services as restrictions tightened again.

Despite the challenges of strict health and safety guidelines, new processes to keep people safe, as well as restrictions on travel, we still managed to deliver 2,368 reactive repairs over the year.

#### Supporting our customers

More than a quarter (28%) of WLHP customers are now on Universal Credit ("UC"), an increase of 7% from last year.

We continued to support our customers through the challenges they faced during the pandemic, including attending online tribunals with the Department of Work and Pensions to represent vulnerable customers.

Our Welfare Benefits Advisors and Fuel Advisors supported almost 150 Wheatley customers over the year, and helped them claim more than £130k in benefits and tax credits they were entitled to. We also helped customers access external funding to alleviate fuel poverty.

We will continue to support our customers over the next year with the difficulties posed by UC and the impact of the pandemic.

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



## **DIRECTORS' REPORT (continued)**

### **OPERATING REVIEW (continued)**

By the end of the financial year, almost 66% of WLHP customers had registered for an online account with us. More than 1,020 people used the WLHP website every month.

Working with Wheatley Foundation and Wheatley 360, we:

- created an opportunity for one of our customers to get into work or training;
- supported 21 new tenants with household budgeting, running a home and settling into their community through *My Great Start*;
- put food on the table in 280 homes through our *EatWell* service;
- delivered Christmas vouchers to 204 households;
- provided essential household items to 59 customers through our *Emergency Response Fund*;
- gave four tenants up-cycled furniture through our *Home Comforts* service;
- awarded two young people from our homes a bursary to go to university or college; and
- provided free books every month to 50 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.

## **FINANCIAL REVIEW**

### **Income**

Turnover for the year ended 31 March 2021 totalled £4,126k (2020: £8,066k). The main source of income is derived from the social rental of housing property, with net rental income of £3,550k (2020: £2,160k). The increase in the year is driven by the transfer of 215 properties from Barony Housing Association in May 2021 as well as additional income from new build properties. A number of the properties transferred from Barony are supported housing and are disclosed separately in note 4.

Grant income of £576k (2020: £5,906k) has been recognised in the year on completion of new build properties, medical adaptations grant and for claims made under the UK Government Job Retention Scheme. Grant income recognised for new build properties varies from year to year with the profile of new build completions and the decrease in grant income from the prior year is driven by fewer new build completions in 2020/21, largely as a result of the restrictions on construction activity during the coronavirus pandemic. Eight properties were completed in the year compared to 83 in 2019/20.

### **Expenditure**

Operating costs in the year totalled £2,842k (2020: £1,802k), with the increase from the prior year relating to the transfer of properties from Barony Housing Association and additional new build properties completed in 2019/20. Operating costs largely comprise of the following:

- Management and maintenance administration costs associated with affordable letting activities totalling £562k (2020: £355k).
- £286k of planned and cyclical maintenance costs to our social housing properties (2020: £184k).
- £350k of reactive maintenance costs to our social letting properties (2020: £231k).
- Depreciation expenditure for social and non-social housing assets of £1,540k (2020: £1,053k).

## **DIRECTORS' REPORT (continued)**

### **FINANCIAL REVIEW (continued)**

The operating surplus generated by the Partnership in the year totalled £11,744k (2020: £6,264k). This surplus includes a gain of £10,460k from the transfer of housing properties and associated balances on 17 May 2020 from Barony Housing Association.

Total comprehensive income for the year of £10,386k (2020: £407k) includes an increase in the value of social housing properties of £95k (2020: decrease of £5,324k). On completion of new build properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the grant income to be recognised through profit or loss under the performance model. This approach creates an initial valuation loss on new properties in the year of completion when compared to the gross development cost. Also included is a £93k actuarial loss (2020: gain of £72k) in respect of pension schemes.

Finance charges of £1,355k (2020: £601k) have increased due to the transfer of loans secured on the housing stock transferred from Barony Housing Association and on funding drawn in the year to finance the new build development programme. Finance charges also include £524k for West Lothian Housing Partnership's share of a one off fee for the restructuring of fixed rate loan arrangements completed on 30 March 2021 which will reduce future interest costs and improve the strength of the business plan going forward.

#### **Cashflows**

The cash flow statement of WLHP is shown on page 16. During the year the Partnership generated £2,404k cash inflow from operating activities (2020: cash outflow of £1,184k) due to the timing of supplier payments at the year end. A total of £262k was invested in existing properties and funding of £2,638k was draw in the year toward investment of £6,710k in new build developments. Cash and cash equivalents in the year decreased by £80k (2020: decreased by £1,275k).

#### **Liquidity**

At 31 March 2021, the Partnership reported net current liabilities of £14,002k (2020: £11,189k). The increase was largely due to the higher balance of deferred New Build Grant income held in short term creditors and due to be released on completion of new build properties in 2021/22. Borrowings due after more than one year have decreased to £22,475k (2020: £18,725k) following the transfer of loans secured on the Barony properties and the drawdowns in the year to support the new build development programme. The management of cash balances is undertaken through the Group funding subsidiary Wheatley Funding No. 1 Limited ("WFL1") to match the needs of the business and the cost of borrowing.

The Association has access to a borrowing facility administered through WFL1 and is able to meet its liabilities as they fall due.

#### **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 19. WLHP has access to an intra-group facility of £60.2m. Interest rate risk is managed at a group level by WFL1.

#### **Investment in tenants' homes**

During the year we invested £262k in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £54,808k (2020: £37,519k), the difference is driven by the transfer of properties from Barony Housing Association and an increase in the value of assets under construction in our new build development programme.



## **DIRECTORS' REPORT (continued)**

### **FINANCIAL REVIEW (continued)**

#### **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.

#### Revenue reserve

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

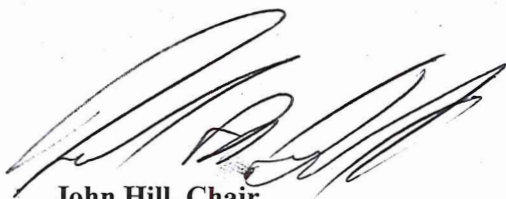
- new build housing properties
- specific projects for which subsidy has been received, such as investment in the energy efficiency of our homes

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 Hill, Chair**  
26 August 2021

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  
Gregor Dunlay  
Alan McCloskey  
Gordon Smith

\* 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 Hill, Chair  
26 August 2021

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 charitable company") for the year ended 31 March 2021 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 charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of 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 charitable company 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 directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of board members and management as to the charitable company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual suspected or alleged fraud; and
- Reading Board minutes.

As required by auditing standards, taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that entity management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to income recognition because of the limited opportunity and incentive for fraudulent revenue recognition and the limited judgement in respect of revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the company wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These include those posted to unusual accounts.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discuss with the board and other management (as required by auditing standards), and discussed with the board and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, charities legislation and registered social landlord legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: certain aspects of charities, health and safety, employment law, and social housing legislation recognising the charitable company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence of any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*



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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatements. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### Other information

The directors are responsible for the other information, which comprises directors' report and the 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:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Annual Report, which constituted 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 required to report to you if:

- in our opinion, the Statement on Internal Financial Control on page 9 does not provide the disclosures required by the relevant Regulatory Standards the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

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

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended), we are required to report to you if, in our opinion:

- the charitable company has not kept adequate and proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### Director's responsibilities

As explained more fully in their statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the charitable company'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 they either intend to liquidate the charitable company or to cease operations, or have 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](http://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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the charitable company's members and the charitable company's trustees 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 charitable company, its members as a body and its trustees, 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

23 September 2021



**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021**

|  | <b>Note</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|--|-------------|-----------------------|-----------------------|
| Turnover   | 3           | 4,126                 | 8,066                 |
| Operating expenditure                                  | 3           | (2,842)               | (1,802)               |
| Other gains  | 8           | 10,460                | -                     |
| Operating surplus                                      |             | <u>11,744</u>         | <u>6,264</u>          |
| Loss on disposal of fixed asset                        | 9           | (5)                   | (5)                   |
| Finance income   | 10          | -                     | 1                     |
| Finance charges  | 11          | (1,355)               | (601)                 |
| Increase/(decrease) in valuation of housing properties |             | 95                    | (5,324)               |
| Surplus for the year                                   |             | <u>10,479</u>         | <u>335</u>            |
| Actuarial (loss)/gain in respect of pension schemes    |             | (93)                  | 72                    |
| Total comprehensive income for the year                |             | <u><u>10,386</u></u>  | <u><u>407</u></u>     |

All amounts relate to continuing operations.

The notes on pages 17 to 35 form part of these financial statements.

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2021**

|                            | <b>Revenue<br/>Reserve<br/>£'000</b> |
|----------------------------|--------------------------------------|
| Balance at 1 April 2019    | 7,456                                |
| Total comprehensive income | 407                                  |
| Balance at 1 April 2020    | <u>7,863</u>                         |
| Total comprehensive income | 10,386                               |
| Balance at 31 March 2021   | <u>18,249</u>                        |

All amounts relate to continuing operations.

The notes on pages 17 to 35 form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

|  |      | 2021<br>£'000   | 2020<br>£'000   |
|--|------|-----------------|-----------------|
|  | Note |                 |                 |
| <b>Fixed assets</b>  |      |                 |                 |
| Social housing properties                                      | 15   | 54,808          | 37,519          |
| Other tangible assets  | 16   | 198             | 258             |
|  |      | <u>55,006</u>   | <u>37,777</u>   |
| <b>Current assets</b>  |      |                 |                 |
| Trade and other debtors  | 17   | 263             | 167             |
| Cash and cash equivalents                                      |      | 603             | 683             |
|  |      | <u>866</u>      | <u>850</u>      |
| <b>Creditors:</b> amounts falling due within one year          | 18   | (14,868)        | (12,042)        |
| <b>Net current liabilities</b>                                 |      | <u>(14,002)</u> | <u>(11,189)</u> |
| <b>Total assets less current liabilities</b>                   |      | 41,004          | 26,588          |
| <b>Creditors:</b> amounts falling due after more than one year | 19   | (22,685)        | (18,725)        |
| <b>Provisions for liabilities</b>                              |      |                 |                 |
| Pension (liability)/ asset                                     | 20   | (70)            | 3               |
| <b>Total net assets</b>  |      | <u>18,249</u>   | <u>7,863</u>    |
| <b>Reserves</b>  |      |                 |                 |
| Revenue reserve  |      | 18,249          | 7,863           |
| <b>Total reserves</b>  |      | <u>18,249</u>   | <u>7,863</u>    |

These financial statements were approved by the Board on 18 August 2021 and were signed on its behalf on 26 August 2021 by:



John M Hill  
Chair

The notes on pages 17 to 35 form part of these financial statements.  
Company Registration Number SC188968

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**

|   | <b>Note</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|---|-------------|-----------------------|-----------------------|
| <b>Net cash generated from operating activities</b> | 22          | <u>2,404</u>          | <u>(1,184)</u>        |
| <b>Cash flow from investing activities</b>          |             |                       |                       |
| Improvement of properties                           | 15          | (262)                 | (290)                 |
| New build   |             | (6,710)               | (11,600)              |
| Purchase of other fixed assets                      | 16          | (4)                   | (84)                  |
| Grants received                                     | 19          | 2,836                 | 8,013                 |
| Interest received                                   | 10          | -                     | 1                     |
| <b>Net cash from investing activities</b>           |             | <u>(4,140)</u>        | <u>(3,960)</u>        |
| <b>Cash flows from financing activities</b>         |             |                       |                       |
| Interest paid                                       |             | (982)                 | (882)                 |
| Intra-group loan drawn down                         |             | <u>2,638</u>          | <u>4,751</u>          |
| <b>Net cash from financing activities</b>           |             | <u>1,656</u>          | <u>3,869</u>          |
| <b>Net change in cash and cash equivalents</b>      |             | (80)                  | (1,275)               |
| <b>Cash and cash equivalents at 1 April</b>         |             | 683                   | 1,958                 |
| <b>Cash and cash equivalents at 31 March</b>        |             | <u>603</u>            | <u>683</u>            |

The notes on pages 17 to 35 form part of these financial statements



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 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 2021 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 which included updated scenarios in recognition of the ongoing Covid-19 pandemic which include severe but plausible downsides. 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.

The Board, after reviewing the Company budgets for 2021/22 and the Company’s financial position as forecast in the 30-year business plan and being satisfied that the Group Board has undertaken a similar review, 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, the remobilisation timetable and reprofiled new build handovers;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of a revised profiles of repairs and maintenance expenditure, with major works being rephased into future years;

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (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 £0.6m and access to undrawn loan facilities arranged through WFL1 of £279.1m, 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 are satisfied 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. Grant income claimed under the UK Government Coronavirus Job Retention Scheme has been reported as income through the Statement of Comprehensive Income in line with the performance model.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (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 ("EUVS-H") 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 2021 (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.

#### New Build Grant and other capital grants

New Build Grant is received from central government agencies and local authorities and is utilised to reduce the capital cost of housing properties.

New Build Grant is recognised as income in the Statement of Comprehensive Income under the performance model. New Build Grant 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 2021 (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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)**

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

|  | 2021         |                 |               |                             | 2020                        |
|--|--------------|-----------------|---------------|-----------------------------|-----------------------------|
|  | Turnover     | Operating costs | Other gains   | Operating surplus/(deficit) | Operating surplus/(deficit) |
|  | £'000        | £'000           | £'000         | £'000                       | £'000                       |
| Affordable letting activities (note 4) | 4,126        | (2,711)         | -             | 1,415                       | 6,303                       |
| Other activities (note 5)              | -            | (131)           | -             | (131)                       | (39)                        |
| Gain on business combination (note 8)  | -            | -               | 10,460        | 10,460                      | -                           |
| <b>Total</b>                           | <b>4,126</b> | <b>(2,842)</b>  | <b>10,460</b> | <b>11,744</b>               | <b>6,264</b>                |
| Total for previous reporting period    | 8,066        | (1,802)         | -             | 6,264                       |                             |

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

|   | <b>General<br/>Needs<br/>£000</b> | <b>Supported<br/>Housing<br/>£000</b> | <b>2021<br/>Total<br/>£'000</b> | <b>2020<br/>Total<br/>£'000</b> |
|---|-----------------------------------|---------------------------------------|---------------------------------|---------------------------------|
| Rent receivable net of service charges  | 3,271                             | 143                                   | 3,414                           | 2,160                           |
| Service charges   | 87                                | 60                                    | 147                             | -                               |
| <b>Gross income from rents and service charges</b>  | <b>3,358</b>                      | <b>203</b>                            | <b>3,561</b>                    | <b>2,160</b>                    |
| Less rent losses from voids   | (11)                              | -                                     | (11)                            | -                               |
| <b>Net income from rents and service charges</b>  | <b>3,347</b>                      | <b>203</b>                            | <b>3,550</b>                    | <b>2,160</b>                    |
| Grants released from deferred income  | 543                               | -                                     | 543                             | 5,906                           |
| Other grant income  | 33                                | -                                     | 33                              | -                               |
| <b>Total turnover from affordable letting activities</b>  | <b>3,923</b>                      | <b>203</b>                            | <b>4,126</b>                    | <b>8,066</b>                    |
| Management and maintenance administration costs   | (540)                             | (22)                                  | (562)                           | (355)                           |
| Service costs   | (13)                              | (1)                                   | (14)                            | (3)                             |
| Planned and cyclical maintenance including major repairs costs                                  | (275)                             | (11)                                  | (286)                           | (184)                           |
| Reactive maintenance costs  | (336)                             | (14)                                  | (350)                           | (231)                           |
| Bad debts – rents and service charges   | (21)                              | (1)                                   | (22)                            | -                               |
| Depreciation of affordable let properties   | (1,419)                           | (58)                                  | (1,477)                         | (990)                           |
| <b>Operating costs from affordable letting activities</b>                                       | <b>(2,604)</b>                    | <b>(107)</b>                          | <b>(2,711)</b>                  | <b>(1,763)</b>                  |
| <b>Operating surplus from affordable letting activities</b>                                     | <b>1,319</b>                      | <b>96</b>                             | <b>1,415</b>                    | <b>6,303</b>                    |
| Operating surplus/(deficit) for affordable letting activities for the previous reporting period | 6,303                             | -                                     | 6,303                           |                                 |

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 2021 (continued)

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

|   |  |                           |                            |                                      | 2021  | 2020  |
|---|--|---------------------------|----------------------------|--------------------------------------|---|---|
|   | Grants<br>from<br>Scottish<br>Ministers<br>£'000 | Other<br>revenue<br>£'000 | Total<br>Turnover<br>£'000 | Total<br>Operating<br>Costs<br>£'000 | Operating<br>Surplus/<br>(deficit)<br>£'000 | Operating<br>Surplus/<br>(deficit)<br>£'000 |
| Depreciation – non social housing                             | -  | -                         | -                          | (63)                                 | (63)  | (63)  |
| Organisation restructuring                                    | -  | -                         | -                          | -                                    | -   | 60  |
| Wider role activities to support the community                | -  | -                         | -                          | (68)                                 | (68)  | (36)  |
| <b>Total from other activities</b>                            | <b>-</b>   | <b>-</b>                  | <b>-</b>                   | <b>(131)</b>                         | <b>(131)</b>                                | <b>(39)</b>                                 |
| Total from other activities for the previous reporting period | -  | -                         | -                          | (39)                                 | (39)  |   |

### 6. Board members' emoluments

Board members received £nil (2020: £nil) by way of reimbursement of expenses.

### 7. Employees- Key Management Emoluments

Key management personnel are employed by another Wheatley Group subsidiary and perform an executive management role across all subsidiaries in the Wheatley Group. The total emoluments payable to Wheatley Group key management personnel are disclosed in the Wheatley Housing Group consolidated financial statements. The Partnership pays a share of the costs of these personnel which includes employer pension contributions and benefits in kind.

In 2019/20 the allocation was based on the proportion of group services costs borne by the Association, with the change in the basis of allocation of costs on 2020/21 considered to be more representative of the executive management costs of the Association.

|  | 2021<br>£ 000 | 2020<br>£ 000 |
|--|---------------|---------------|
| Aggregate emoluments payable to key management<br>(including pension contributions and benefits in kind) | 78            | 3             |

During the periods the key management's emoluments (excluding pension contributions) fell within the following band distributions:

|   |   |   |
|---|---|---|
| More than £nil but not more than £10,000    | 2 | 6 |
| More than £10,000 but not more than £20,000 | 3 | - |
| More than £20,000 but not more than £30,000 | 1 | - |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 7. Employees - Key Management Emoluments (continued)

Key management personnel in the year were as follows:

|                                       |  |
|---------------------------------------|--|
| Martin Armstrong                      | Group Chief Executive                      |
| Tom Barclay                           | Group Director of Property and Development |
| Olga Clayton                          | Group Director of Housing and Care         |
| Steven Henderson                      | Group Director of Finance                  |
| Graham Isdale                         | Group Director of Corporate Affairs        |
| Elaine Melrose – to 30 September 2020 | Group Director of Resources                |

### Employees – Staff

|   | 2021<br>No. | 2020<br>No. |
|---|-------------|-------------|
| The average monthly number of full time equivalent persons employed during the year was | 6           | 7           |
| The average total number of employees employed during the year was                      | 7           | 7           |

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Staff costs during the year were as follows: |               |               |
| Wages and salaries                           | 214           | 227           |
| Social security costs                        | 21            | 22            |
| Pension costs                                | 27            | 26            |
| FRS 102 pension adjustment                   | (21)          | (35)          |
|  | <u>241</u>    | <u>240</u>    |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 8. Other gains

Following a successful tenant ballot in 2019/20, the housing assets of Barony Housing Association (BHA) located in West Lothian and Bo'ness and the borrowings secured on those properties transferred to West Lothian Housing Partnership Limited on 17 May 2020, resulting in a gain on the transfer of £10,460k.

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Gain on transfer from Barony Housing Association | 10,460        | -             |
|  | <u>10,460</u> | <u>-</u>      |

The following amounts were transferred from Barony Housing Association

|   | £000          |
|---|---------------|
| Fixed assets  | 11,552        |
| Current assets                                      | 21            |
| Current liabilities                                 | (4)           |
| Net current assets                                  | <u>(17)</u>   |
| Creditors: amounts due falling due in over one year | (1,109)       |
|   | <u>10,460</u> |

### 9. Loss on disposal of fixed assets

|   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| Proceeds  | -             | -             |
| Value of components (properties held for let) disposed of | (5)           | (5)           |
|   | <u>(5)</u>    | <u>(5)</u>    |

### 10. Finance income

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Bank interest receivable on deposits in the year | -             | 1             |
|  | <u>-</u>      | <u>1</u>      |

### 11. Finance charges

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Interest payable on intra group loans    | 830           | 599           |
| Loan Breakage fees                       | 524           | -             |
| Net interest charge on pension liability | 1             | 2             |
|  | <u>1,355</u>  | <u>601</u>    |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 12. Auditor's remuneration

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| The remuneration of the auditor (excluding VAT) is as follows: |               |               |
| Audit of these financial statements                            | 8             | 8             |

### 13. Financial commitments

#### Capital commitments

All capital commitments of WLHP were as follows:

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Expenditure contracted for, but not provided in the financial statements | 9,276         | 11,284        |
| Expenditure authorised by the Board but not contracted                   | 7,593         | 7,525         |
|  | <u>16,869</u> | <u>18,809</u> |

### 14. Operating leases

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

|  | 2021<br>£'000<br>Land and<br>Buildings | 2020<br>£'000<br>Land and<br>Buildings |
|--|--|--|
| Commitments falling due:               |  |  |
| Within one year                        | 18                                     | 18                                     |
| In the second to fifth years inclusive | 72                                     | 72                                     |
| Over five years                        | 68                                     | 86                                     |
|  | <u>158</u>                             | <u>176</u>                             |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 15. Social Housing Properties

|                                   | Core Stock<br>£'000 | Housing<br>Under<br>Construction<br>£'000 | Total<br>£'000 |
|-----------------------------------|---------------------|---|----------------|
| <b>At valuation</b>               |                     |   |                |
| At 1 April 2020                   | 24,260              | 13,259                                    | 37,519         |
| Additions                         | 262                 | 6,862                                     | 7,124          |
| Acquired in the year              | 11,600              | -   | 11,600         |
| Transfers                         | 1,193               | (1,193)                                   | -              |
| Disposals                         | (18)                | -   | (18)           |
| Revaluation                       | (1,417)             | -   | (1,417)        |
| At 31 March 2021                  | 35,880              | 18,928                                    | 54,808         |
| <b>Accumulated Depreciation</b>   |                     |   |                |
| At 1 April 2020                   | -                   | -   | -              |
| Acquired in the year              | 48                  | -   | 48             |
| Charge for year                   | 1,477               | -   | 1,477          |
| Disposals                         | (14)                | -   | (14)           |
| Revaluation                       | (1,511)             | -   | (1,511)        |
| At 31 March 2021                  | -                   | -   | -              |
| <b>Net Book Value – valuation</b> |                     |   |                |
| At 31 March 2021                  | 35,880              | 18,928                                    | 54,808         |
| At 31 March 2020                  | 24,260              | 13,259                                    | 37,519         |
| <b>Net Book Value – cost</b>      |                     |   |                |
| At 31 March 2021                  | 53,628              | 18,928                                    | 72,556         |
| At 31 March 2020                  | 42,580              | 13,259                                    | 55,839         |

Total expenditure in the year on existing properties was £898k (2020: £705k). Of this, repair costs of £636k (2020: £415k) were charged to the Statement of Comprehensive Income (note 4) and capital works of £262k (2020: £290k) 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 £262k (2020: £290k) include:

- £127k for component additions including:
  - £12k on bathrooms;
  - £46k on heating system boilers; and
  - £69k on mechanical, electrical and plumbing.
- The remaining balance of £135k of additions to existing properties not associated with a specific component includes £44k on void improvements and £3k of medical adaptations.

Additions to housing under construction include capitalised interest costs of £152k (2020: £284k). Interest has been capitalised at the weighted average interest cost for the Association of 4.60% (2020: 4.89%)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 15. Social Housing Properties (continued)

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 2021 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 (2020: 5.75-6.50 % 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 (2021/22). 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:

|                   | 2021<br>No. | 2020<br>No. |
|-------------------|-------------|-------------|
| General Needs     | 713         | 519         |
| Supported housing | 29          | -           |
| Total units       | 742         | 519         |

### 16. Other tangible assets

|                                 | Office<br>improvements<br>£'000 | Furniture and<br>equipment<br>£'000 | Total<br>£'000 |
|---------------------------------|---------------------------------|-------------------------------------|----------------|
| <b>At valuation</b>             |                                 |                                     |                |
| At 1 April 2020                 | 570                             | 24                                  | 594            |
| Additions                       | 4                               | -                                   | 4              |
| At 31 March 2021                | 574                             | 24                                  | 598            |
| <b>Accumulated Depreciation</b> |                                 |                                     |                |
| At 1 April 2020                 | 317                             | 19                                  | 336            |
| Charge for year                 | 61                              | 3                                   | 64             |
| At 31 March 2021                | 378                             | 22                                  | 400            |
| <b>Net Book Value</b>           |                                 |                                     |                |
| At 31 March 2021                | 196                             | 2                                   | 198            |
| At 31 March 2020                | 253                             | 5                                   | 258            |

### 17. Trade and other debtors

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Arrears of rent and service charges        | 147           | 74            |
| Less: provision for bad and doubtful debts | (57)          | (35)          |
|  | 90            | 39            |
| Prepayments and accrued income             | 92            | 2             |
| Other debtors                              | 80            | 76            |
| Due from other group companies             | 1             | 50            |
| Total                                      | 263           | 167           |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

### 18. Creditors: amounts falling due within one year

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Trade creditors                              | 1             | 9             |
| Accruals                                     | 1,191         | 770           |
| Deferred income (note 19)                    | 12,476        | 10,387        |
| Other creditors                              | 85            | 77            |
| Rent and service charges received in advance | 99            | 61            |
| Tax and social security                      | 6             | 5             |
| Due to other group companies                 | 1,010         | 733           |
| Total  | 14,868        | 12,042        |

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

### 19. Creditors: amounts falling due after more than one year

|                              | 2021<br>£'000 | 2020<br>£'000 |
|------------------------------|---------------|---------------|
| Deferred income              | 209           | -             |
| Due to other group companies | 22,476        | 18,725        |
|                              | 22,685        | 18,725        |

### 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 £652.6m from a syndicate of commercial banks, two committed facilities totalling £278.0m 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 £1,480.6m 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 £60.2m, secured on its housing stock. Interest in the year has been charged at 4.60% (2020: 4.89%).

The Partnership has secured a major portion of its housing stock against this facility, however the remainder of its housing stock and any future new build properties will remain unsecured.

Borrowings are repayable as follows:

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| In less than one year                          | -             | -             |
| In more than one year but less than five years | -             | -             |
| In more than five years                        | 22,475        | 18,725        |
|  | 22,475        | 18,725        |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 19. Creditors: amounts falling due after more than one year (continued)

The deferred income balance is made up as follows:

|   | <b>New Build<br/>Grant<br/>£'000</b> |
|---|--------------------------------------|
| Deferred income as at 31 March 2020               | 10,387                               |
| Additional income received                        | 2,836                                |
| Released to the Statement of Comprehensive Income | (538)                                |
| Deferred income as at 31 March 2021               | <u>12,685</u>                        |

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:

|  | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|--|-----------------------|-----------------------|
| In less than one year (note 18)                | 12,476                | 10,387                |
| In more than one year but less than five years | 209                   | -                     |
| In more than five years                        | -                     | -                     |
|  | <u>12,685</u>         | <u>10,387</u>         |

### 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 2021.

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 20. Pensions (continued)

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.

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.

A recent review of changes made to the scheme's benefit structure has been undertaken by the Trustees in line with their duty to administer the scheme in accordance with the rules. The review involves clarification of the treatment of historic changes made to scheme benefits and from initial findings it has been determined that in some cases it is unclear whether changes made to the scheme benefits have been in accordance with the governing documentation. Direction has been sought from the High Court and the matter is currently under consideration. Any potential requirement to review member benefits is not expected to have a material impact on the liabilities of the scheme based on current calculations and no provision has been made when valuing the scheme liabilities pending the outcome of the process.

### Defined Benefit assets and obligations

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 2021 | 31 March 2020 |
|-------------------------|---------------|---------------|
| Discount rate           | 2.05%         | 2.45%         |
| Future salary increases | 1.85%*        | 2.20%         |
| Inflation (CPI)         | 2.80%         | 1.90%         |

\* future salary increases assumed to be 1.50% p.a. for the first three years, 2.00% p.a. thereafter.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 20. Pensions (continued)

In valuing the liabilities of the pension fund at 31 March 2021, 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: 21.5 years (male) (2020 20.7 years), 23.4 years (female) (2020 22.9 years).
- Future retiree upon reaching 65: 22.8 years (male) (2020 22.2 years), 25.0 years (female) (2020 24.6 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*

|                                    | 2021<br>£'000 | 2020<br>£'000 |
|------------------------------------|---------------|---------------|
| Opening defined benefit obligation | 632           | 624           |
| Expenses                           | 1             | -             |
| Interest cost                      | 15            | 16            |
| Actuarial losses / (gains)         | 90            | (6)           |
| Estimated benefits paid            | (2)           | (2)           |
| Closing defined benefit obligation | 736           | 632           |

##### *Movements in fair value of plan assets*

|                                   | 2021<br>£'000 | 2020<br>£'000 |
|-----------------------------------|---------------|---------------|
| Opening fair value of plan assets | 635           | 522           |
| Expected return on plan assets    | (4)           | 66            |
| Interest income                   | 16            | 14            |
| Contributions by the employer     | 21            | 35            |
| Estimated benefits paid           | (2)           | (2)           |
| Closing fair value of plan assets | 666           | 635           |

##### **Net (liability)/asset**

|             |          |
|-------------|----------|
| <b>(70)</b> | <b>3</b> |
|-------------|----------|

##### *Expense recognised in statement of comprehensive income*

|   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| Interest on defined benefit pension plan obligation | 1             | 2             |
| Actuarial losses/ (gains)                           | 93            | (72)          |
| Net cost  | 94            | (70)          |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is £93k loss (2019: £72k gain).

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

|                              | 2021<br>£ 000 | 2020<br>£ 000 |
|------------------------------|---------------|---------------|
| Equities                     | 180           | 128           |
| Corporate bonds              | 227           | 222           |
| Property                     | 27            | 25            |
| Alternatives                 | 204           | 222           |
| Cash                         | 28            | 38            |
|                              | <hr/> 666     | <hr/> 635     |
| Actual return on plan assets | 12            | 80            |

### 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 2021 are as follows:

|  | 2021<br>£'000 |
|--|---------------|
| Rent charged during the year                 | 9             |
| Arrear balances outstanding at 31 March 2021 | -             |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

### 21. Related party transactions (continued)

#### Other related parties

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

|  | Paid in the year<br>£'000 | Year end<br>Balance<br>£'000 |
|--|---------------------------|------------------------------|
| <b>2021</b>  |                           |                              |
| Pensions Trust Scottish Housing Association Pension Scheme | 31                        | 3                            |

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

There were no other related party transactions during the year.

### 22. Cash Flow Analysis

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

|   | 2021<br>£'000 | 2020<br>£'000  |
|---|---------------|----------------|
| Surplus for the financial year                            | 10,479        | 335            |
| Less gain on business combination                         | (10,460)      | -              |
|   | 19            | 335            |
| Depreciation of property, plant and equipment             | 1,541         | 1,053          |
| (Increase)/ decrease in trade and other receivables       | (75)          | 121            |
| Increase/(decrease) in trade payables                     | 213           | (2,621)        |
| Decrease in provisions                                    | -             | (60)           |
| Pension costs less contributions payable                  | (21)          | (35)           |
| <i>Adjustments for investing or financing activities:</i> |               |                |
| Loss on disposal of fixed assets                          | 5             | 5              |
| Government grants utilised in the year                    | (538)         | (5,906)        |
| Interest paid   | 1,355         | 601            |
| Interest received   | -             | (1)            |
| (Increase)/decrease in valuation of housing properties    | (95)          | 5,324          |
| <b>Net cash generated from operating activities</b>       | <b>2,404</b>  | <b>(1,184)</b> |

### 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.

## **SUPPLEMENTARY INFORMATION**

### **Secretary and Registered Office**

Anthony Allison  
West Lothian Housing Partnership Limited  
Wheatley House  
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Glasgow  
G1 1HL

### **Principal office**

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### **Independent Auditor**

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319 St Vincent Street  
Glasgow G2 5AS

### **Banker**

Royal Bank of Scotland  
Glasgow Corporate Office  
Kirkstane House  
139 St Vincent Street  
Glasgow G2 5JF