



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Co-operative and Community Benefit Society Registration No. 26219R

Regulator of Social Housing Registration No. LH3796

WESTWAY HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND FINANCAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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WESTWAY HOUSING ASSOCIATION LIMITED
BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS
FOR THE YEAR ENDED 31 MARCH 2020

Board of Management

Chair	Robert Greene
Vice Chair	Chinyere Ugwu
Treasurer	Debra Redhead-Allen
Other Members	Meera Bedi Addy Olubajo Lucy Knight-Ballard (Co-optee) Leroy McKenzie (Co-optee)

Executive Management Team	Ricky Scipio - Chief Executive & Company Secretary Leonard Brown - Interim Head of Housing Previn Tailor – Finance Director
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Registered Office	292B Kensal Road North Kensington London W10 5BE
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Statutory Auditor	Beever and Struthers 15 Bunhill Row London EC1Y 8LP
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Principal Solicitor	Devonshires Salisbury House London Wall London EC2M 5QY
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Principal Banker	Barclays Bank Plc Level 27 1 Churchill Place London E14 5HP
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WESTWAY HOUSING ASSOCIATION LIMITED
BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Board of Westway Housing Association Limited is delighted to present its report, together with the audited financial statements, for the year ended 31 March 2020.

Principal Activity

Westway Housing Association Limited is a public benefit entity administered by a Board of Management. It is an exempt Charity registered under the Co-operative and Community Benefit Societies Act 2014 and registered with the Regulator of Social Housing as a Provider of Social Housing.

The principal activity of the Association is the provision of affordable rented accommodation to people who are most in need of housing and who can least afford private rented accommodation.

Westway is a black-led, community-based, housing association, which has been providing homes to people in need since 1987. The Association currently manages 523 self-contained properties, which includes a 17-bedspace hostel for homeless persons, 23-bedspace scheme for rough sleepers and 5 shared ownership flats.

The Association is based in north Kensington, west London, and operates in the boroughs of Barnet, Brent, Ealing, Enfield, Hammersmith & Fulham, Hounslow, Kensington & Chelsea and Westminster.

Review of Results

The Association enjoyed another successful year, delivering a record surplus before tax of £1,267,062 (2019: £642,996) which exceeded our budget and further boosted our finances. The business remains financially strong and robust.

Financial strength continue to underpin everything we do, helping us to invest in what matters most to our customers. Our focus remains on delivering high quality services, investing in new and existing homes and generating efficiencies.

Despite the challenges of the rent cut and welfare reforms on both Westway and its customers, our surplus has been achieved by strong budgetary management and keeping an iron grip on rent arrears and voids. Our focus on Value for Money (VfM) has remained a key part of our lean and agile business model that delivers for our customers.

We put the wellbeing, safety and security of our customers as a top priority and planned maintenance of our homes is an important part of that. The Grenfell Tower fire tragedy has rightly continued to impact the sector's and our approach to ensuring our homes and buildings are safe for our customers. It reinforced the need to ensure the safety and wellbeing of our customers, and to make sure their voices are heard. Ensuring that our homes are well maintained and invested in will help customers feel that they have a great place to live.

During the year we increased our properties stock with the acquisition of nine properties under a section 106 development agreement. The acquisition comprised of general needs properties at affordable rents and, for the first time in the Association's history, shared ownership properties. We are currently working with a large housing association to further increase our stock portfolio with additional shared ownership properties.

Income was principally from rents and service charges. This is the final year of the sector-wide 1% rent reduction imposed by the Government under the Welfare Reform and Work Act 2016. Although the Government made some exceptions for certain classes of specialist housing, the reduction has applied to approximately 92% of Westway's housing stock.

Turnover for the year was £4,418,302 (2019: £4,385,244). The impact of rent reduction was partly offset by an increase in rental income from growth and increase in fees for the hostel. Operating expenditure was £3,099,201 (2019: £3,003,284). Operating surplus at £1,319,101 (2019: £1,381,960) and margin of 29.9% (2019: 31.5%) was better than target and continues to remain above our benchmark peer group. Retained surplus for the year was £1,267,062 (2019: £642,996) and includes net gain of £316,000 in respect of movements in the pension scheme.

WESTWAY HOUSING ASSOCIATION LIMITED

BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Association has benefited from a continuing climate of relatively lower interest rates. Robust treasury management and use of a revolving credit facility further reduced our loan interest costs.

Our financial strength remains key to delivering our social objectives. Total revenue reserves increased to £10,717,141 (2019: £9,450,079) at the financial year end allowing the Association to continue re-investing in improving service delivery, maintaining and improving existing properties in order to ensure our residents enjoy good quality homes and fund future growth.

The Association is well placed to respond to an increasingly uncertain and complex operating environment. The Government's programme of introducing welfare reforms has continued and debt recovery work and proactive arrears management remain high priorities for the Association.

We look forward to the coming year with confidence. There are challenges, not least from COVID-19, but we believe that the Association has a business model that is sufficiently resilient to manage those issues well.

Value for Money

Value for Money (VfM) is woven through the Association and a core element of our culture, with a focus on quality first, and then a critical analysis of how costs can be kept as low as possible for that level of quality. Where monetary efficiency gains are made, these are reinvested in the business and targeted at improving service outcomes to customers or creating capacity for investment and growth. The Association's VfM Strategy lays down the principles in this area and the fundamental belief is that VfM is the responsibility of all board members and staff. Staff are actively encouraged to question, review and propose change, with VfM an integral part of employee induction and team meetings. VfM is embedded in our budget setting and business planning processes to ensure that our resources and assets are used in the most appropriate way to deliver corporate objectives.

We have continued to invest in ICT in order to maximise the use of our housing, repairs and finance systems as well as improve the efficiency of our work. Our core applications provides tenants with a 24/7 access to their rent account and report a repair. A choice of rent payments options, including telephone and online payments service, has contributed to strong rent collection rates. Our staff have been equipped with mobile devices to provide real time advice and assistance to customers. This agile working has improved efficiency and led to better customer outcomes. Signposting tenants to particular agencies has helped them to secure additional benefits.

Westway's main assets are the homes that our residents live in. Investing in the housing stock is therefore a fundamental part of our business as it not only ensures that we have quality homes available to rent but it maintains the value of the assets against which finance may be raised to build new homes. This year we invested £248,548 (2019: £221,417) on major repairs largely consisting of boiler replacements at various properties and new windows at Tropical Court. Our programme of fire doors inspections and any remediation works was paused during the Covid-19 pandemic. We will resume this programme as soon as it is safe to do so, ensuring continued safety and security of our residents. Our approach to investing in homes and maximise the returns on assets is underpinned by our Asset Management Strategy and the Development Strategy.

All our homes are in the London area with high property values. On average, our residents living in these homes pay less than half of market rents, making them genuinely affordable for people on lower incomes and enabling them to continue to live in communities that they would have otherwise found difficult to afford.

As part of continuous improvements, some of the service areas earmarked for improvements in the new financial year include further investment in technology to continue facilitate agile working and service improvements, progress implementation of the new website which has been delayed due to the coronavirus, further investment in our staff and implementation of a new on-line appraisal system. A programme of improvement works to our housing properties is also planned and includes kitchen replacements at Hogarth Road. We are in discussions with a private landlord to provide managed services which will diversify our income stream and further increase revenue within existing staffing resources. The planned acquisition of a new development from another housing association will boost income and our asset base.

WESTWAY HOUSING ASSOCIATION LIMITED

BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2020

Performance and Benchmarking

Westway is a member of a benchmarking network, facilitated by Acuity in partnership with HouseMark, aimed at housing providers with up to 1,000 homes. We use the information to identify where we need to concentrate our resources to improve performance. The table below sets out the Association's performance and benchmarks against our own internal targets and average of our London based peers.

In 2018, the Regulator of Social Housing (RSH) introduced a new Value for Money (VfM) standard and accompanying Code of Practice. This revised standard and the supporting code of practice were developed by way of a Sector Scorecard following consultation with the sector. Within the 15 measures covering five areas of Business Health, Development Capacity and Supply, Outcomes Delivered, Effective Asset Management, and Operating Efficiencies, seven of these are specifically required to be published annually. The new set of metrics required by the Regulator under the VfM regime for the sector are included in the table below under "Value for Money Metrics".

It should be noted that a significant amount of the return on our assets does not end up as value on our bottom line. Instead, it makes people's lives better and therefore, society as a whole.

DESCRIPTION	Actual 2019/20	Target 2019/20	*Benchmark	Actual 2018/19
<u>Operational Performance**</u>				
Rent arrears	2.0%	2.2%	3.8%	1.7%
Rent collection	101.0%	100.0%	100.3%	101.0%
Voids average re-let time (days)	37.3	21.0	30.0	23.8
Void losses	0.7%	0.4%	0.7%	0.2%
Emergency repairs completed within target	100.0%	100.0%	99.3%	100.0%
Urgent repairs completed within target	98.0%	98.0%	96.0%	100.0%
Routine repairs completed within target	97.0%	100.0%	97.0%	100.0%
Repairs completed on first visit	93.0%	90.0%	94.0%	82.6%
Gas safety certificate (LGSR)	100.0%	100.0%	100.0%	100.0%
Residents satisfied with repairs	92.0%	97.0%	94.7%	93.8%
<u>Value for Money Metrics***</u>				
Reinvestment	5.2%	2.6%	2.7%	2.4%
New supply delivered (Social housing units)	1.7%	1.8%	0.0%	1.0%
New supply delivered (Non-social housing units)	0.0%	0.0%	0.0%	0.0%
Gearing	20.1%	21.3%	18.1%	17.8%
EBITDA MRI Interest Cover	351.9%	223.7%	222.1%	359.2%
Headline Social Housing Cost Per Unit	£5,204	£5,574	£5,808	£5,087
Operating Margin (Overall)	29.9%	23.3%	15.5%	31.5%
Operating Margin (Social housing lettings)	29.9%	23.3%	17.1%	31.5%
Return On Capital employed (ROCE)	2.7%	2.3%	2.4%	2.9%
<u>Financial Comparators***</u>				
Ratio of responsive repairs to planned maintenance	0.6	0.5	0.9	0.5
Management cost per unit	£1,701	£1,606	£1,603	£1,607
Maintenance cost per unit	£1,809	£2,257	£915	£1,902
Major repairs cost per unit	£475	£489	£702	£431
Debt per unit owned	£23,398	£21,950	N/A	£21,955

* Benchmarking information provided by Acuity

** Benchmark based on 2019/20 report

*** Benchmark based on 2018/19 report which is the latest suitable available

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BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2020

In 2019/20, we achieved or exceeded most of our financial key performance targets against own and peer group indicators, whereas the operational performance indicators were broadly in line with target and peer group.

We have outperformed our peer group and own targets as measured under the RSH's VfM metrics for the sector. In particular, our operating margin and interest cover was higher whilst headline housing cost per unit was lower than target due to tight cost management, innovative working and focus on VfM across the organisation. Net surplus was further boosted by tight treasury management and use of revolving credit facility which reduced loan interest charges. Our return on assets was better than target and benchmark group.

Our performance on resident satisfaction and average voids re-let time was below par. This coincided with the long term sickness absence of our property services manager, although temporary cover was put in place.

We are using our strong finances to increase supply of affordable housing, having boosted our stock in the year by nine properties, with plans for further growth in the coming year.

As a Board, we monitor performance against our corporate plan throughout the year and continually challenge performance, considering changes in our operating environment and any current and anticipated risks that might affect the business.

BME London Group

Westway Housing Association is part of BME London landlords, a group of fourteen BME led housing organisations (Registered Social Landlords), who are working together in partnership to deliver ambitious, innovative and influential projects that provide positive outcomes and enhance value for money for our residents, communities and organisations.

The group has already demonstrated success by working in collaboration to deliver ground-breaking procurement, leadership development and employment projects.

BME London and L&Q have joined forces to unlock smaller housing associations' development capacity and bring forward a range of new high quality affordable homes. In doing so we are leveraging L&Q's development capacity and expect to deliver more social homes than BME London HA's might achieve alone. This means we can achieve greater economies of scale, ensure better risk management and realise greater value for money savings.

Development

Westway HA has got strong finances and, in addition to investing in our existing housing stock, capacity to deliver its ambitious growth plans through development. The Association is generating healthy surpluses and has a robust balance sheet with capacity to take on more debt, and further maximise the use of our asset base. Our strategic plan assumes organic growth, consisting of a mixture of new developments, stock transfers and acquisitions. As part of this, there is a specific budget to help explore development opportunities and vigorously pursue our ambitious growth strategy.

Our development programme was kick-started in 2018 with the purchase of grant funded street properties in Enfield. The properties were refurbished and let at affordable rents. This was followed by the acquisition of nine flats under section 106 agreement in the year just ended. The acquisition consisted of a mixture of affordable rents and, for the first time in the Association's history, shared ownership properties.

We are currently working in collaboration with a large housing association, L&Q, to deliver sixteen flats in Ealing under their Build London Partnership. The development includes acquisition of twelve shared ownership flats which will further boost our shared ownership portfolio.

Coronavirus (Covid 19)

The Covid-19 outbreak has become a global pandemic, and in March 2020 the UK Government introduced social isolating measures to protect the public and to help prevent the spread of the virus. The outbreak of coronavirus has had an extensive impact on the nation, particularly disproportionately affecting those from BME communities.

WESTWAY HOUSING ASSOCIATION LIMITED
BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2020

Westway HA activated its Business Continuity Plan and acted swiftly to put controls in place to mitigate the effects as far as possible; continually reviewing and revising our services as the public health emergency progressed.

Thanks to our investment in technology the Association leveraged digital collaboration tools, designed to maintain the high quality service from the Westway HA team, in spite of the disruption caused by the coronavirus. Frontline staff have continued to provide essential services to residents which cannot be done remotely. Office based staff have been able to successfully work from home and to support the frontline staff and residents throughout the lockdown period. All phones were diverted and housing management support, essential repairs and health and safety activities have continued. Services to those ill, in self-isolation or being shielded have had to be restricted but we have ensured that their health and safety has been our top priority. A skeleton staff have attended the office as required to scan in post, send out letters to residents and provide supplies to front line workers.

Agile technology, including video and telephone conferencing, and embedded processes have helped us maintain effective communications and engagement with staff, residents and stakeholders.

We continue to place the safety and wellbeing of our staff and residents at the heart of service delivery.

Statement of Board Responsibilities

The Co-operative and Communities Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure for the period of account.

In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Board has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities. The Board has undertaken an assessment of the Regulator of Social Housing's Governance and Financial Viability Standard and certifies it has complied with the regulation.

Corporate Governance

The Association is controlled by a Board that is committed to achieving the highest standards of corporate governance in its oversight of the delivery of the Association's strategies, risk management, values and ethics.

All members of the Board are non-executive, and for legal purposes, are regarded as Directors. Each member of the Board holds one fully paid share of £1 in the Association, which is cancelled on cessation as a member, and have the right to cast one vote each. The current Board members and the executive management team are set out on page 1 of the financial statements. There are currently two vacancies on the board which are in the process of being recruited.

The Board and its committees have terms of reference and clear statements of members' roles and responsibilities, which form a key element in the Board structure. The Board has adopted the principal recommendations of the National Housing Federation Code of Governance 2015.

WESTWAY HOUSING ASSOCIATION LIMITED
BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2020

Members work collaboratively to guide the Association in the achievement of the stated aims and objectives. This includes overseeing finances, agreeing policies, monitoring performance, making strategic decisions and generally ensuring that all matters are conducted properly.

The Board continue to strive for excellence in governance and a key part of this is the assessment of performance. This includes a robust annual appraisal process conducted by the Chair to assess further improvements or training needs for members.

Responsibility for the Association's day-to-day operations and implementation of the agreed strategies is delegated to the chief executive and the executive officers.

Progress against corporate priorities is reviewed quarterly by the Board with the executive officers in attendance to present strategic, operational and financial updates which also embraces new challenges and opportunities. In addition, the Board hold two Strategic Planning Away-Days which are usually held early in the new calendar year and autumn of each year. The autumn meeting, usually in September/October, is preceded by the Association's Annual General Meeting (AGM) where members are elected.

The Board adopted the principal recommendations of the National Housing Federation Excellence in Governance 2015 – code for members, and are also given a Board Compact which contains a comprehensive set of governance policies which they are required to adhere to. The Board considers that Westway complies with the provisions of the National Housing Federation Code of Governance.

Scrutiny Function

The Tenants Committee, a wholly tenant led function, is the main consultative body and conduit between the Board and tenants and has a pivotal role to enhance and further develop tenant involvement and empowerment.

Tenant involvement is crucial to the success of the Association and we are very grateful to our active Committee members for all the work they do with us. The Committee normally meets six times a year, and arrange ad-hoc meetings as it sees fit. Up to four members of the Tenants Committee will form a separate scrutiny panel to undertake an in depth service review each year.

Executive Management Team

The Association is managed by the senior management team currently comprising of the following executive officers:

Ricky Scipio	Chief Executive & Company Secretary
Leonard Brown	Interim Head of Housing
Previn Tailor	Finance Director

The executive officers hold no interest in the Association's share capital and act within the delegated authority given to them by the Board. The detailed scrutiny of performance, the development of policies and procedures and expenditure approvals within budget are carried out by the executive management team.

Directors and Officers Insurance

As a fully subscribed member of the National Housing Federation, the Association receives third party indemnity provision for the benefit of all directors and executive officers.

Employees

The Board recognises that the strength of the Association lies in the quality and commitment of its employees. Our ability to meet our objectives and commitments to our customers in an efficient and effective manner depends on the contribution of employees throughout the Association.

The Association continues to provide information on objectives, progress and activities through regular team meetings, appraisals and various other forms of communications. Focused training programmes are provided to continually enhance knowledge, skills base and teamwork necessary to deliver the objectives.

WESTWAY HOUSING ASSOCIATION LIMITED

BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2020

During the year, the Association was reassessed for Investors in People award against the new and more challenging standard. Following a robust process, the Association attained a Gold level which is a marked improvement to the Silver level retained in 2017. The new Gold award is testimony to the work undertaken on the Association's People Strategy, which aims to ensure that the Association remains a great place to work and employees continue to be encouraged, involved, empowered and motivated to maximise their potential.

Equal Opportunities

Westway is committed to an active equal opportunities policy from recruitment and selection, through training and development, appraisal and promotion to retirement. It is our policy to promote an environment free from discrimination, harassment and victimisation. All decisions relating to employment practices will be objective, free from bias and based solely on the work criteria and individual merit.

Internal Control

The Board recognises that it has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The Board also recognises that no system of control can provide absolute assurance. This system of internal control is designed to be an important part of the control and management of risk and to provide reasonable assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed.

Key elements of the internal control framework are:

- an organisational structure with clearly defined lines of responsibility and delegation of authority;
- Formal policies and procedures are in place, including the documentation of key systems and rules, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain and improve standards of performance;
- Forecasts and budgets are prepared which allow the Board and senior staff to monitor the key business risks and objectives and progress towards achieving financial plans set for the year and the medium term;
- Quarterly management accounts are prepared promptly, providing relevant, reliable, up-to-date financial information, highlighting significant variances from budgets which are investigated as appropriate. Reports include cash flow projections, compliance with funding covenants, Value for Money metrics and key performance indicators to identify trends in current financial and non-financial data;
- A 30-year financial plan is presented to Board and reviewed at least annually to ensure that the Association can meet all its financial commitments. Key components of the plan are stress testing through scenario planning and mitigating strategies;
- A risk management system embedded throughout the Association;
- Regulatory returns are prepared, authorised and submitted on a timely basis to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant committees comprising Board Members and others;
- The Board receive reports from internal auditor who provide independent assurance to a risk based plan. The internal auditor provides a rolling programme of audits covering key areas of the Association's operations. The Auditor report directly to the Board.

WESTWAY HOUSING ASSOCIATION LIMITED
BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2020

The annual review of the effectiveness of the system of internal control is undertaken by the Board, which has received the annual report from the chief executive for the year ending 31 March 2020.

The Board confirms that no weaknesses have been found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements. Where weaknesses in internal controls are identified, appropriate remedial action is taken.

These arrangements are considered appropriate to the scale and range of the Association's activities.

Auditors

Beever and Struthers have expressed their willingness to continue as statutory auditor and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

Approved on behalf of the Board

Robert Greene
Chair

Date: 29 July 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
WESTWAY HOUSING ASSOCIATION LIMITED**

Opinion

We have audited the financial statements of Westway Housing Association (the 'Association') for the year ended 31 March 2020 which comprise Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
WESTWAY HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception

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

- the association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on page 6, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
Statutory Auditor
Chartered Accountants

15 Bunhill Row
London
EC1Y 8LP

Date: 28 August 2020

WESTWAY HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		£	£
TURNOVER	2	4,418,302	4,385,244
Operating expenditure	2	(3,099,201)	(3,003,284)
OPERATING SURPLUS	2	1,319,101	1,381,960
Interest receivable		4,336	1,559
Interest and financing costs	6	(372,375)	(398,554)
Surplus before tax		951,062	984,965
Taxation		-	-
Surplus for the year after tax		951,062	984,965
Other comprehensive income:			
Initial recognition of multi-employer defined benefit scheme	22	-	(197,655)
Actuarial gains / (losses) in respect of pension scheme	22	316,000	(144,314)
SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,267,062	642,996

The financial statements on pages 12 to 32 were approved and authorised for issue by the Board on 29 July 2020 and were signed on its behalf by:

ROBERT GREENE
Chair

DEBRA REDHEAD-ALLEN
Treasurer

RICKY SCIPIO
Chief Executive & Company Secretary

The Statement of Comprehensive Income relates wholly to continuing activities and the notes on pages 16 to 32 form an integral part of these financial statements.

WESTWAY HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2020

	Revenue Reserves £
Balance at 1 April 2018	8,807,083
Surplus for the year	642,996
Balance at 31 March 2019	9,450,079
Surplus for the year	1,267,062
Balance at 31 March 2020	10,717,141

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

WESTWAY HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020		2019	
		£	£	£	£
TANGIBLE FIXED ASSETS					
Housing land and buildings - gross cost	9		57,628,452		55,788,744
- depreciation	9		(8,647,828)		(8,158,266)
			48,980,624		47,630,478
Other fixed assets	10		25,592		11,750
			49,006,216		47,642,228
CURRENT ASSETS					
Stock	11a	572,093		-	
Trade and other debtors	11b	236,132		222,124	
Cash at bank and in hand	11c	2,087,971		1,730,484	
		2,896,196		1,952,608	
CREDITORS					
Amounts falling due within one year	12	(2,326,740)		(2,280,477)	
NET CURRENT ASSETS / (LIABILITIES)			569,456		(327,869)
TOTAL ASSETS LESS CURRENT LIABILITIES			49,575,672		47,314,359
CREDITORS: amounts falling due after more than one year					
	13		(38,627,516)		(37,295,265)
Provision for liabilities					
Defined benefit pension liability	22		(231,000)		(569,000)
TOTAL NET ASSETS			10,717,156		9,450,094
RESERVES					
Share capital	17		15		15
Revenue reserves			10,717,141		9,450,079
TOTAL RESERVES			10,717,156		9,450,094

The financial statements on pages 12 to 32 were approved and authorised for issue by the Board on 29 July 2020 and were signed on its behalf by:

ROBERT GREENE
Chair

DEBRA REDHEAD-ALLEN
Treasurer

RICKY SCIPIO
Chief Executive & Company Secretary

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

WESTWAY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	2020		2019	
	£	£	£	£
Net cash generated from operating activities (see below Note i)		1,740,226		1,730,378
Cash flow from investing activities:				
Property acquisitions	(2,239,930)		(910,836)	
Component replacements	(287,580)		(221,417)	
Purchase of other tangible fixed assets	(25,074)		(1,798)	
Grants received	-		164,458	
Interest received	4,336		1,559	
		(2,548,248)		(968,034)
Net cash outflow from investing activities				
Cash flow from financing activities				
Interest paid	(425,302)		(358,986)	
Repayment of borrowings	(659,189)		(1,284,086)	
New secured loans	2,250,000		500,000	
Loan issue costs	-		-	
Issued share capital	-		-	
		1,165,509		(1,143,072)
Net cash inflow/(outflow) from financing activities				
Net change in cash and cash equivalents		357,487		(380,728)
Cash and cash equivalents at beginning of the year		1,730,484		2,111,212
		2,087,971		1,730,484
Cash and cash equivalents at end of the year				
		2020		2019
Cash and cash equivalents comprise:		£		£
Cash at bank		2,087,971		1,730,484
Note i		2020		2019
		£		£
Cash flow from operating activities		1,267,062		642,996
Adjustments for non-cash items:				
Depreciation of tangible fixed assets		618,821		613,622
(Increase) in debtors		(14,008)		(21,396)
Increase in creditors		46,263		150,421
Increase in provisions		12,511		16,743
Pension costs less contributions payable		(214,490)		274,969
Government grants utilised in the year		(343,972)		(343,972)
Adjustments for investing or financing activities:				
Interest and financing costs		372,375		398,554
Interest received		(4,336)		(1,559)
		1,740,226		1,730,378
Net cash generated from operating activities				

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

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. PRINCIPAL ACCOUNTING POLICIES

Legal Status

Westway Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 292B Kensal Road, North Kensington, London W10 5BE.

Basis of accounting

The Association's financial statements have been prepared in compliance with FRS 102. The Association transitioned from previous UK GAAP to FRS 102 as at 1 January 2014 and subsequently adopted the Housing SORP: 2018 update – Statement of Recommended Practice for registered social housing providers as at 1 January 2019. There has been no effect on reserves following the adoption of the Housing SORP: 2018 from the Housing 2014 for the comparative year to 31 March 2019.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements are prepared on the historical cost basis of accounting and are presented in Sterling (£) for the year ended 31 March 2020.

The Association's financial statements have been prepared in compliance with FRS 102. As a public benefit entity, Westway Housing Association has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

Going concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

From March 2020, the coronavirus pandemic affected the UK. Social isolating measures were introduced by the UK Government to protect the public and to help prevent the spread of the virus. The Association activated its business continuity plan and continually reviewed and revised our services as the public health emergency progressed.

The board have reviewed and considered relevant information, including the forecasts and future cash flows in making their assessment. In particular, in response to the coronavirus, the board have tested the cash flow analysis to take into account the impact on the Association of possible scenarios brought on by the impact of coronavirus, alongside the measures that they can take to mitigate the impact.

Based on these assessments, the board has a reasonable expectation that the Association will continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Turnover

Turnover comprises of rental and service charge income receivable, income from shared ownership first tranche sales, fees and revenue grants receivable from local authorities and amortised government grants received for housing properties.

Rental and service charges income is recognised when the property is available for let, net of voids. Income from first tranche sales is recognised at the point of legal completion of the sale.

Tangible fixed assets and depreciation

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Where the Association has a mixed tenure development costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs) each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

Depreciation is charged on the historic cost of the property components. Freehold land is not depreciated. Leasehold properties are depreciated over the shorter of the period of the lease or 100 years.

The Association depreciates the major components of its housing properties on a straight line basis over the component's expected economic useful life as follows:

Land	Not depreciated
Structure	100
Roof	100
Windows	30
Heating	20
Electrical	40
Kitchen	20
Bathroom	30
Lift	50

Housing properties in the course of construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

If housing properties have suffered impairment in value, the fall in value is recognised after taking account of any related capital grant.

Shared ownership properties

Under shared ownership arrangements, the Association disposes of a long lease to the occupier; the initial lease premium paid for the first tranche is typically for between 25 per cent and 75 per cent of the value. The occupier has the right to purchase further proportions. A shared ownership property comprises two assets: that to be disposed of in the first tranche, which is recorded as stock within current assets; and that retained by the Association, which is recorded as tangible fixed assets in the same manner as general needs housing properties. Proceeds of sale for first tranches are accounted for as revenue in the Income Statement, with apportioned cost being shown as cost of sales within operating results. Subsequent tranches sold (staircasing) are reflected as surpluses or deficits on sale of housing properties, shown within other gains and losses on the Income Statement.

The Association does not depreciate Shared ownership properties on the expectation that the net realisable value at the time of disposal will be in excess of the historic cost. Net residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Impairment

Housing properties are reviewed for impairment indicators at each reporting date. If such an indicator exists an assessment is carried out to determine if an impairment is required. Any impairment in an income generating unit is recognised by a charge to the Statement of Comprehensive Income. An impairment loss occurs when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount is taken to be the higher of the fair value, less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets, or cash generating units concerned, or the present value of future cash flows to be derived from them, appropriately adjusted to account for any restrictions on their use. Cash generating units are defined as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units

Other fixed assets and depreciation

Other fixed assets are stated at cost, less accumulated depreciation. Depreciation is provided, at rates calculated to write off the assets to their estimated residual values, on a straight-line basis over the expected economic useful lives of the assets as follows:

Office equipment – computers	-	25%
Office equipment – others	-	25%
Property fixtures and fittings	-	25%

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Association under certain conditions, if a property is sold or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, SHG may be repayable, and, in that event, is subordinated unsecured repayable debt.

Capitalisation of interest and development administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Loan finance issue costs

Loan issue costs reflect arrangement fees payable in respect of loan facilities. Such costs are amortised over the term of the respective loan facility and offset against loan balances within creditors.

Leases

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

Consistent with the guidance in FRED 71 paragraph 4 (FRS 102 paragraph 28.11B), the difference between the deficit funding liability and the net defined benefit deficit for Social Housing Pension Scheme was recognised in Other Comprehensive Income for the year ended 31 March 2019.

Provisions

The Association only provides for contractual or legal liabilities that exist at the balance sheet date.

Value Added Tax

The Association is not registered for VAT and therefore all costs incurred where applicable are inclusive of VAT.

Financial instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. The term 'financial instrument' covers both financial assets and financial liabilities, and is recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financial transaction, the debtor is initially and subsequently measured at the present value of future receipts discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of contract.

Financial liabilities

Trade creditors payable within one year that do not constitute financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. PRINCIPAL ACCOUNTING POLICIES (continued)

De-recognition of financial assets and liabilities

Financial assets are derecognised only where the contractual rights to cash flows from the asset expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Significant judgements and estimates

In the application of the Association's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, the nature of estimation means that actual outcomes could differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The items in the financial statements where significant judgements and estimates have been made include:

- The Association participates in a multi-employer pension scheme (SHPS) which is in deficit. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the net liability and the annual defined benefit expenses (as analysed in Note 22).
- the housing properties and their components is based on the expected utility of the assets and a National Housing Federation matrix of property components; however, by their nature, component life cannot be determined with absolute certainty.
- Trade and rental debtors are included at undiscounted cost, net of a provision for bad debts made to offset potentially uncollectable amounts. Actual collection may vary from the amounts included.
- The classification of financial instruments as "basic" or "other" requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its return.

WESTWAY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Note	Turnover £	2020 Operating Costs £	Operating Surplus £
SOCIAL HOUSING LETTINGS				
General needs and supported housing	3	4,100,289	(2,823,536)	1,276,753
Hostel	3	318,013	(275,665)	42,348
Total		4,418,302	(3,099,201)	1,319,101

	Note	Turnover £	2019 Operating Costs £	Operating Surplus £
SOCIAL HOUSING LETTINGS				
General needs and supported housing	3	4,071,044	(2,719,685)	1,351,359
Hostel	3	314,200	(283,599)	30,601
Total		4,385,244	(3,003,284)	1,381,960

The Association manages its finances to ensure that all costs incurred in making properties available for letting are covered by rental income, including costs not shown against housing accommodation such as interest and amounts set aside for major repairs.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General Needs Housing	Supported Housing	Hostels	Total 2020	Total 2019
	£	£	£	£	£
INCOME					
Rent receivable net of voids and identifiable service charges	3,154,137	159,401	314,063	3,627,601	3,626,259
Service income	395,805	41,930	-	437,735	396,834
Amortised government grants	333,438	6,584	3,950	343,972	343,972
Net rental income	3,883,380	207,915	318,013	4,409,308	4,367,065
Other income	8,994	-	-	8,994	18,179
Turnover from Social Housing Lettings	3,892,374	207,915	318,013	4,418,302	4,385,244
OPERATING EXPENDITURE					
Management	695,517	23,103	171,259	889,879	826,010
Services	457,312	33,758	52,771	543,841	502,560
Routine maintenance	384,217	29,523	22,850	436,590	388,523
Planned maintenance	478,627	9,008	21,689	509,324	589,138
Major repairs expenditure	-	-	-	-	-
Bad debts	6,269	12,144	-	18,413	20,541
Depreciation of housing properties	584,152	16,341	7,096	607,589	589,481
Other costs	93,565	-	-	93,565	87,031
Operating expenditure on Social Housing Lettings	2,699,659	123,877	275,665	3,099,201	3,003,284
Operating surplus on Social Housing Lettings	1,192,715	84,038	42,348	1,319,101	1,381,960
Rent loss due to voids	(18,782)	(8,321)	-	(27,103)	(14,625)

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

4. DIRECTORS' EMOLUMENTS

Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team.

	2020 £	2019 £
The aggregate emoluments paid to non-executive Directors	13,750	13,000
The aggregate emoluments paid to executive Directors	226,674	162,180
The emoluments of the highest paid Director (Chief Executive), excluding pension contributions	93,000	88,905

The Chief Executive is an ordinary member of the Social Housing Pension Scheme. No enhancement or special terms apply and the Association makes no contribution to any individual pension arrangement. The employer's contribution for the financial year was £10,091 (2019: £9,166).

The Board of Management remuneration in the year was £13,750 (2019: £13,000) of which annual payments to the Chair are £3,000, Vice Chair and Treasurer £1,500 each, and £1,000 each to rest of the Board members.

5. EMPLOYEE INFORMATION

	2020 Number	2019 Number
The average number of employees (including executive officers) during the year was:		
Office staff	10	9
Wardens, caretakers and cleaners	5	5
	15	14

Full time equivalents (based on a 35 hour week)

Office staff	9.9	9.2
Wardens, caretakers and cleaners	4.2	4.5
	14.1	13.7

Staff costs (for the above persons)

	2020 £	2019 £
Wages and salaries	536,874	499,865
Social Security costs	51,115	45,818
Pension costs	33,235	31,677
	621,224	577,360

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:

£60,000 - £70,000		1
£70,000 - £80,000	1	-
£80,000 - £90,000	-	1
£90,000 - £100,000	1	-
	1	-

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

6. INTEREST PAYABLE AND FINANCING COSTS

	2020	2019
	£	£
On financial liabilities measured at amortised cost:		
On loans repayable wholly or partly in more than five years	359,375	386,554
On defined benefit pension scheme:		
Expected return on plan assets	(38,000)	(39,000)
Interest on scheme liabilities	51,000	51,000
	372,375	398,554

7. SURPLUS ON ORDINARY ACTIVITIES

	2020	2019
	£	£
The operating surplus is stated after charging:		
Depreciation of housing properties	607,589	589,481
Depreciation of other fixed assets	11,232	24,141
Auditors' remuneration (excluding VAT):		
- In their capacity as auditors	9,300	8,800
- In respect of other services	-	-
	83,259	67,385

8. TAXATION

The Association is an exempt charity and is not liable to corporation tax on its income and gains to the extent that these are applied for charitable purposes.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

9. TANGIBLE FIXED ASSETS - HOUSING

	Housing Properties Held For Lettings £	Shared Ownership Properties £	Total 2020 £	Total 2019 £
COST				
At 1 April	55,788,744	-	55,788,744	54,747,748
Property acquisitions	842,384	1,427,676	2,270,060	910,836
Transfer to current assets - stock	-	(572,093)	(572,093)	-
Capitalised interest	4,164	7,056	11,220	-
Component additions to existing properties	248,548	-	248,548	221,417
Component disposals	(118,027)	-	(118,027)	(91,257)
	<u>56,765,813</u>	<u>862,639</u>	<u>57,628,452</u>	<u>55,788,744</u>
DEPRECIATION				
At 1 April	8,158,266	-	8,158,266	7,660,042
Charge for year	607,589	-	607,589	589,481
Component disposals	(118,027)	-	(118,027)	(91,257)
	<u>8,647,828</u>	<u>-</u>	<u>8,647,828</u>	<u>8,158,266</u>
Net book value				
At 31 March	<u>48,117,985</u>	<u>862,639</u>	<u>48,980,624</u>	<u>47,630,478</u>
Housing properties comprises:				
Freehold properties			41,793,840	41,690,332
Long leasehold properties			15,834,612	14,098,412
			<u>57,628,452</u>	<u>55,788,744</u>

The Association had properties with a net book value of £30,279,889 (2019: £30,477,552) pledged as security for liabilities at 31 March 2020.

Works to existing properties in the year:	2020 £	2019 £
Components capitalised	248,548	221,417
Amounts charged to expenditure	658,049	678,186
	<u> </u>	<u> </u>

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

10. OTHER FIXED ASSETS

	Office Equipment	Furniture and Fittings	Total 2020	Total 2019
COST	£	£	£	£
At 1 April	220,350	37,074	257,424	255,625
Additions	25,074	-	25,074	1,799
Disposals	-	-	-	-
At 31 March	<u>245,424</u>	<u>37,074</u>	<u>282,498</u>	<u>257,424</u>
DEPRECIATION				
At 1 April	208,600	37,074	245,674	221,533
Charge for year	11,232	-	11,232	24,141
Disposals	-	-	-	-
At 31 March	<u>219,832</u>	<u>37,074</u>	<u>256,906</u>	<u>245,674</u>
Net book value At 31 March	<u>25,592</u>	<u>-</u>	<u>25,592</u>	<u>11,750</u>

11. CURRENT ASSETS

11a. STOCK

	2020 £	2019 £
First tranche shared ownership properties	<u>572,093</u>	<u>-</u>

11b. TRADE AND OTHER DEBTORS

	2020 £	2019 £
Amounts receivable within one year:		
Rents and service charge arrears	213,922	201,560
Less: provision for bad debts	<u>(88,979)</u>	<u>(90,613)</u>
	124,943	110,947
Prepayments & accrued income	103,854	103,905
Staff loans	1,875	-
Other debtors	5,460	7,272
	<u>236,132</u>	<u>222,124</u>

11c. CASH AT BANK AND IN HAND

	2020 £	2019 £
	<u>2,087,971</u>	<u>1,730,484</u>

12. CREDITORS

	2020 £	2019 £
Amounts falling due within one year:		
Housing loans instalments due (note 14)	586,684	564,039
Deferred capital grant (note 15)	343,972	343,972
Taxation and social security costs	29,228	26,390
Trade creditors	204,750	219,505
Rents and service charges paid in advance	247,903	219,337
Accruals and other deferred income	914,203	907,234
	<u>2,326,740</u>	<u>2,280,477</u>

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

13. CREDITORS

	2020	2019
Amounts falling due after more than one year:	£	£
Housing loans (note 14)	11,323,344	9,647,121
Deferred capital grant (note 15)	27,304,172	27,648,144
	38,627,516	37,295,265

14. HOUSING LOANS

Housing loans from lending institutions are secured by specific charges on the Association's housing properties. The loans are repayable by monthly/quarterly/half-yearly instalments of principle and interest, the final instalments of which fall to be repaid in the period 2025 to 2028. The loans bear interest at variable and fixed rates of between 2.10% and 10.68%.

Based on the lender's earliest repayment date, the loans are repayable as follows:

	2020	2019
Housing loans repayable by instalments:	£	£
Between one and two years	1,111,983	586,621
Between two and five years	3,188,402	2,893,455
In five years or more	7,092,840	6,249,258
	11,393,225	9,729,334
Less:		
Loan issue costs	(69,881)	(82,213)
	11,323,344	9,647,121
In one year or less	586,684	564,039
	11,910,028	10,211,160

Loan balance in five years or more includes £Nil (2019: £750,000) of surplus cash reserves, not required for immediate use, to part repay the Revolving Credit Facility.

15. DEFERRED CAPITAL GRANT

	2020	2019
	£	£
At 1st April	27,992,116	28,171,630
Grant received in the year	-	164,458
Released to income	(343,972)	(343,972)
At 31 March	27,648,144	27,992,116
Amount due to be released < 1 year	343,972	343,972
Amount due to be released > 1 year	27,304,172	27,648,144
At 31 March	27,648,144	27,992,116

Grant received in the year was £Nil (2019: £164,458).

The total accumulated government grant received or receivable is £34,397,200 (2019: £34,397,200).

WESTWAY HOUSING ASSOCIATION LIMITED

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FOR THE YEAR ENDED 31 MARCH 2020

16. FINANCIAL INSTRUMENTS

The Association's financial instruments may be analysed as follows:

	2020	2019
	£	£
<u>Financial Assets</u>		
Financial assets measured at cost		
Cash and cash equivalents	2,087,971	1,730,484
Financial assets measured at amortised cost		
Rental debtors	213,922	201,560
Other debtors	7,335	7,272
Total Financial Assets	<u>2,309,228</u>	<u>1,939,316</u>
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost		
Trade creditors	204,750	219,505
Rents and service charges paid in advance	247,903	219,337
Other creditors	914,203	907,234
Housing loans payable	11,910,028	10,211,160
Total Financial Liabilities	<u>13,276,884</u>	<u>11,557,236</u>

17. SHARE CAPITAL

	2020	2019
	£	£
Shares of £1 each issued and fully paid:		
At 1 April	15	16
Issued during the year	-	-
Cancelled during the year	-	(1)
At 31 March	<u>15</u>	<u>15</u>

The share capital of the Association consists of shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member the shares are cancelled.

18. ANALYSIS OF CHANGES IN NET DEBT

	Net Debt at Beginning of the Year	Cash Flows	Non-Cash Movements	Net Debt at End of the Year
	£	£	£	£
Cash	1,730,484	357,487	-	2,087,971
Housing loans due in one year	(564,039)	-	(22,645)	(586,684)
Housing loans due after one year	(9,647,121)	(1,698,868)	22,645	(11,323,344)
Total	<u>(8,480,676)</u>	<u>(1,341,381)</u>	<u>-</u>	<u>(9,822,057)</u>

WESTWAY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

19. CAPITAL COMMITMENTS

	2020	2019
	£	£
Capital expenditure which has been contracted for but not provided for in these financial statements	92,472	41,556
Capital expenditure which has been authorised by the Board but not contracted for	756,625	628,375
	849,097	669,931

The Association expects to finance the above commitments by:

Social Housing Grant receivable	219,876	219,876
Cash Reserves	629,221	450,055
	849,097	669,931

There are no performance conditions attached to the above commitments.

20. OPERATING LEASES

As the end of the year the Association had the following commitments of future minimum lease payments relating to the head office in Kensal Road:

	2020	2019
	£	£
In one year or less	69,069	67,317
Between one and two years	70,796	69,069
Between two and five years	146,946	217,742

21. ACCOMMODATION OWNED AND MANAGED

	2020	2019
	Number	Number
Social Housing		
Acquired at end of year:		
General needs housing affordable rent	4	-
Shared ownership	5	-
	9	-
Owned properties under management at end of year:		
General needs housing social rent	458	458
General needs housing affordable rent	5	5
Supported housing	23	23
Hostel bed spaces	17	17
	503	503
Managed for other housing associations at end of year:		
General needs social rent	11	11
	523	514

WESTWAY HOUSING ASSOCIATION LIMITED
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FOR THE YEAR ENDED 31 MARCH 2020

22. PENSION OBLIGATIONS (continued)

	2020	2019
	£	£
Analysis of amounts charged to expenditure		
Employer contributions	20,510	19,686
SHPS expenses	3,000	3,000
Employer service cost	15,490	12,314
	39,000	35,000
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	(38,000)	(39,000)
Interest on pension liabilities	51,000	(51,000)
	13,000	12,000
Amount of gains and losses recognised in the Statement of Comprehensive income		
Actuarial losses / (gains) on pension scheme assets	87,000	(14,000)
Actuarial losses on scheme liabilities	229,000	158,314
	316,000	(144,314)
Movement in surplus / (deficit) during year		
	2020	2019
	£	£
Deficit in scheme at 1 April	-	(457,000)
Movement in year:		
Past service pension deficit liability as at 1 April de-recognised	-	259,345
Employer service cost	(36,000)	(32,000)
SHPS expenses	(3,000)	(3,000)
Net interest/return on assets	(13,000)	(12,000)
Actuarial gains / (losses) recognised	316,000	(144,314)
	264,000	(388,969)

WESTWAY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

22. PENSION OBLIGATIONS (continued)

Asset and Liability Reconciliation

	2020	2019
	£	£
Reconciliation of liabilities		
Liabilities at start of period	2,176,276	1,944,000
Service cost	36,000	32,000
Interest cost	51,000	51,000
Employee contributions	16,436	10,276
SHPS expenses	3,000	3,000
Remeasurements	(229,000)	146,000
Benefits paid	(13,000)	(10,000)
	2,040,712	2,176,276
Reconciliation of assets		
Assets at start of period	1,607,276	1,487,000
Return on plan assets	38,000	39,000
Remeasurements	87,000	14,000
Employer contributions	74,000	67,000
Employee contributions	16,436	10,276
Benefits paid	(13,000)	(10,000)
	1,809,712	1,607,276
Net defined liability in scheme at 31 March	(231,000)	(569,000)

23. RELATED PARTIES

At 31 March 2020 there were two tenant members of the Board, Lucy Knight-Ballard and Leroy McKenzie. Their tenancy agreement with Westway Housing Association are on normal commercial terms and they cannot use their position to their personal advantage. Total rent charged to the tenant board members was £16,119 (2019: £15,702) and their rent balance was £1,232 prepaid (2019: £1,563 prepaid).