



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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

Regulator of Social Housing Registration No. LH3796

WESTWAY HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

CONTENTS	PAGE
Board Members, Executive Officers, Advisors and Bankers	1
Report of the Board	2 - 9
Report of the Auditors on the Financial Statements	10 - 11
Statement of Comprehensive Income	12
Statement of Changes in Reserves	13
Statement of Financial Position	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 – 31

WESTWAY HOUSING ASSOCIATION LIMITED
BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS
FOR THE YEAR ENDED 31 MARCH 2018

Board of Management

Chair Abraham Nomafo

Vice Chair Robert Greene

Treasurer Debra Redhead-Allen

Other Members Chinyere Ugwu
Dr Edwin Sawacha MBE (retired 31 May 2017)
Sonia Davis (Co-optee - retired 31 May 2017)
Lucy Knight-Ballard (Co-optee)
Meera Bedi
Addy Olubajo
Leroy McKenzie (Co-optee - appointed 6 September 2017)

Executive Management Team Ricky Scipio - Chief Executive & Company Secretary
Ben Laryea - Director of Housing Services & Deputy CEO (resigned 13 February 2018)
Previn Tailor - Director of Financial Services

Registered Office 292B Kensal Road
North Kensington
London
W10 5BE

Statutory Auditors Beever and Struthers
15 Bunhill Row
London
EC1Y 8LP

Internal Auditors Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

Principal Solicitors Devonshires
Salisbury House
London Wall
London
EC2M 5QY

Principal Bankers Barclays Bank Plc
Level 27
1 Churchill Place
London
E14 5HP

WESTWAY HOUSING ASSOCIATION LIMITED
BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Board of Management is delighted to present its report and the audited financial statements for the year ended 31 March 2018.

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 509 self-contained properties, which includes a 17-bedspace hostel for homeless persons and a 23-bedspace scheme for people who were sleeping rough on the streets of London. The Association is based in north Kensington, west London, and operates in the boroughs of Barnet, Brent, Ealing, Enfield, Hammersmith & Fulham, Kensington & Chelsea and Westminster.

Review of Results

This year marked Westway's 30th Anniversary, and we have again demonstrated our financial strength reporting a surplus of £930,235 (2017: £1,049,267) which exceeded our budget plan and further boosted the Association's balance sheet and capacity. Financial strength continue to underpin everything we do, helping us to invest in what matters most to our customers.

2017/18 has been a year of solid performance in which the focus has been on delivering high quality services, meeting the needs of customers, generating efficiencies and exploring suitable development opportunities. The business remains strong and robust with continued growth in retained surpluses.

Despite the challenges of the rent cut and welfare reforms on both Westway and its customers, our surplus has been achieved by strong cost management and keeping an iron grip on rent arrears. Our focus on value for money continues, and lean reviews are shaping how we continually assess processes within the Association to ensure that we add value where we can, and that we are efficient and effective. The Association secured the continuity of its hostel housing provision in the Royal Borough of Kensington & Chelsea, assisting the local authority in meeting the housing needs of homeless persons.

As part of our commitment to continuous improvements, we realigned our staffing structure to create a more accountable relationship management and better handling of the issues. This will put us in a better position to continue improving services to our customers and allow us to get a better understanding of the communities, and the risks and opportunities for people living in them, allowing us to provide a more targeted support to demonstrate the positive social and financial benefits of our work.

As a responsible landlord, we take the safety of our residents very seriously. We have robust arrangements in place to maintain consistent performance and identify opportunities for improvements. Following the tragic events at Grenfell Tower in June 2017 we carried out an in-depth review of our statutory safety obligations to further strengthen the robust arrangements in place and ensure continual safety of our residents.

Income was principally from rents and service charges. This is the second year of the 1% per annum rent reduction for four years 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 £4,349,183 (2017: £4,343,333), marginally better than previous year. Operating costs at £2,987,679 (2017: £2,797,039) were higher, reflecting redundancy payments and associated costs arising from the staff restructure, provision of maintenance and services to residents, additional investment in safety works and depreciation of housing properties. As a result, operating margin at 31.3% (2017: 35.6%) was lower than last year but better than our target for the year and remains above our benchmark peer group.

WESTWAY HOUSING ASSOCIATION LIMITED

BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Association has continued to benefit from relatively low funding costs during a continuing climate of lower interest rates. Tight treasury management and use of revolving credit facility further reduced our loan interest costs. At the year end, the undrawn facility available to the Association under the revolver is £4,000,000 which includes £500,000 cash (2017: £1,750,000) to pay down our borrowings in the short term.

Our financial strength remains key to delivering our social objectives. Total reserves increased to £8,807,083 (2017: £7,876,848) at the financial year end allowing the Association to continue re-investing in improving service delivery to customers, maintaining and improving existing properties in order to ensure our residents enjoy good quality homes and fund future developments.

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. Our business plan show that whilst the Association will remain financially strong, we will continuously strive for efficiency savings.

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.

During the year we implemented a new service delivery model, focusing on enhancing front line services, by restructuring our teams and creating a new "Customer 1st Team". The new structure aims to make best use of our staff and budget resource to focus our services on core delivery by enabling us to continue to improve customer satisfaction levels and build communities. The Customer 1st Team covers all routine housing and maintenance duties and only pass on queries of a more technical or complex nature to specialist staff. Our annualised savings against budget from this restructure is £11,096.

Our drive to reduce transaction processing costs continue and we are in the digital transition phase of embedding digital tools in our processes. This also allows us to take a broader, more customer-focussed approach, and to work in close partnership with other areas of the business. This year we developed our core applications to give tenants a 24/7 access to their rent account and report a repair. We have extended rent payments options for customers by implementing an automated phone service and online payments. Our colleagues have been equipped with mobile devices to provide real time advice and assistance to customers, facilitate agile working and improve efficiency. As part of this shift, we terminated a lease contract for copiers and purchased two new multi-function copiers saving us £18,512 in the first year.

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 £204,733 on major repairs largely consisting of boiler replacements and associated works. We carried out improvement works to ventilation system at Tariq House and upgraded fire doors and associated devices at various other schemes at a cost of £69,931. Our approach to investing in homes and maximise the returns on assets is underpinned by our Asset Management Strategy and the Development Strategy. During the year, we commissioned Pellings LLP, an independent firm of building surveyors, to refresh our stock condition survey. We will use the results of the survey to inform and prioritise our investment in housing properties. 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 continue to live in communities that they would have otherwise found difficult to afford.

We have successfully worked with customers, or signposted them to a particular agency, and helped them secure Discretionary Housing Payments totalling £4,750 in the year.

WESTWAY HOUSING ASSOCIATION LIMITED

BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2018

As part of continuous improvements, some of the service areas earmarked for improvements in the new financial year include upgrade of our website and further investment in technology to facilitate agile working and service improvements. A programme of cyclical improvement works to our housing properties is also planned and includes replacement of door entry phone system and handsets, new kitchens, insulation and upgrade of storage heaters.

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 median of our peers.

In 2017, the Regulator of Social Housing (RSH) published a revised VfM standard that builds on the previous standard introduced in 2012. 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 under the “Value for Money Standard 2018” issued by the Regulator. 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	Westway 2017/18	Westway 2016/17	Westway 2015/16	Westway 2014/15	Target 2017/18	*Median 2017/18
Operational Performance						
Rent arrears	1.6%	2.4%	3.0%	3.7%	2.7%	3.3%
Rent collection	101.0%	100.0%	99.8%	101.4%	100.0%	100.2%
Voids average re-let time (days)	26.3	22.0	19.5	19.8	19.0	25.0
Void losses	0.3%	0.1%	0.1%	0.6%	0.4%	0.5%
Emergency repairs completed within target	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Urgent repairs completed within target	97.0%	98.4%	98.3%	99.5%	98.0%	95.0%
Routine repairs completed within target	97.0%	100.0%	99.0%	100.0%	100.0%	96.5%
Repairs completed on first visit	90.0%	92.2%	90.8%	90.4%	92.0%	84.4%
Gas safety certificate (LGSR)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Residents satisfied with repairs	96.0%	96.2%	96.5%	96.6%	97.0%	88.0%
Value for Money Metrics						
Reinvestment	2.8%	1.0%	13.7%	1.0%	0.3%	1.1%
New supply delivered (Social housing units)	0.0%	0.0%	8.2%	0.0%	0.0%	0.0%
Gearing	18.9%	19.8%	22.2%	25.3%	19.9%	22.5%
EBITDA MRI Interest Cover	340.0%	269.1%	248.4%	169.9%	233.5%	207.5%
Headline Social Housing Cost Per Unit	£5,026	£5,258	£4,871	£5,633	£5,149	£5,255
Operating Margin (Social housing lettings)	31.3%	35.6%	33.7%	27.8%	28.8%	22.0%
Return On Capital employed (ROCE)	2.9%	3.4%	3.1%	2.6%	2.6%	1.7%
Financial Comparators						
Ratio of responsive repairs to planned maintenance	0.5	0.4	0.6	0.4	0.5	0.6
Management cost per unit	£1,537	£1,545	£1,586	£1,746	£1,621	£1,602
Maintenance cost per unit	£1,941	£1,852	£2,031	£2,194	£2,193	£844
Major repairs cost per unit	£402	£935	£345	£784	£265	£815
Debt per unit owned	£23,266	£24,320	£25,339	£26,540	£23,241	N/A

* Benchmarking information provided by Acuity

WESTWAY HOUSING ASSOCIATION LIMITED

BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2018

In 2017/18, we achieved or exceeded most of our key performance targets against own and peer group indicators. Although performance on repairs completions is better than our peers, there is a slight dip against our own targets which is attributed to the period during staff restructuring. We expect this to improve once the new staff structure has fully bedded in.

We have outperformed our peer group and own targets as measured under the RSH's new VfM metrics for the sector. In particular, our operating margin was higher and headline housing cost per unit 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, a climate of relatively lower interest rates and use of our revolving credit facility which reduced loan interest charges. Our return on assets under the VfM metric was better than target and peer group. We are using our strong finances to increase affordable housing supply and purchased three street properties which are undergoing major works at the year-end and expect these to come into management in the new financial year.

As a Board, we monitor performance against the 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

As a group of fourteen BME Housing Associations (HAs) we continue to explore all opportunities for collaborative and joint working. The group continues to deliver projects and realise value for money.

The aim of this collaboration has been threefold:

- Achieve financial savings and deliver enhanced value for money for residents, communities and organisations;
- Share best practice amongst the group and thereby increase productivity of staff and organisation as a whole;
- Provide opportunities for residents to access services, such as employment support, that organisations would not otherwise be able to deliver alone due to high upfront cost, risks and lack of resources.

BME London Landlords has embarked on a number of different work strategies namely Joint Procurement, Employment, Learning and Development and Advocacy.

During the year the Joint Procurement Group, through Housing Association Legal Alliance (HALA), has achieved savings of over 21% on legal fees (£15,201 saved out of a potential fee of £71,949) with additional HALA savings of £2,575 on learning and development, giving an aggregate saving of £17,776.

The employment group is delivering the joint employment scheme for our tenants in partnership with Olmec, a social enterprise. The group has secured forty residents in the programme. With fifty nine participants in 2017/18 the current Housing Associations' Charitable Trust (HACT) social return on investment figures starts at ratio of £17:£1.

In addition to the staff training sessions, the group has developed a mentoring scheme. The mentoring programme will allow HAs to retain talent within the organisation and transfer knowledge and share best practice between the BME HAs, which will also help reduce recruitment costs.

A key benefit of working together is our combined bargaining power to deliver more for less. To that extent nine members of BME London (of which Westway is a member) and London & Quadrant (L&Q) have signed a Strategic Partnership Agreement to help unlock smaller housing association's development capacity and bring forward a range of new high quality affordable homes.

The purpose of the Partnership is:

- To work with L&Q to deliver at least 200 affordable rental homes of the nine BME London HA partners by March 2020.

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.

WESTWAY HOUSING ASSOCIATION LIMITED
BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2018

BME London and L&Q have managed to secure additional grant levels from the Greater London Authority to support the initiative. 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 surplus and has a robust balance sheet with capacity to take on more debt, and further maximise the use of our financial capacity. Our strategic plan assumes organic growth, consisting of a mixture of new development, 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.

We kick-started the development programme in 2017/18 by successfully bidding and entering into an agreement with Enfield Council for the purchase of five grant funded street properties. Three of the properties were purchased before the financial year-end and are undergoing improvement works.

In addition, we are exploring a number of opportunities to invest in additional new homes including, as part of the BME London joint working, collaborative working with L&Q.

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 2015. 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. During the year two members retired, of which one of the vacancies has been filled and the other vacancy is being recruited. The Board express their thanks for their service, both past and future.

WESTWAY HOUSING ASSOCIATION LIMITED

BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2018

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.

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 formally 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 formally 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 formally 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 executive officers of the Association who served during the year are as follows:

Ricky Scipio	Chief Executive
Ben Laryea	Director of Housing Services & Deputy CEO (resigned 13 February 2018)
Previn Tailor	Director of Financial Services

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.

WESTWAY HOUSING ASSOCIATION LIMITED

BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2018

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 and teamwork necessary to deliver the objectives.

Our Investors in People standard, with Silver Status, 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 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:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, 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, the financial objectives and progress being made towards achieving financial plans set for the year and for 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 and key performance indicators to identify trends in current financial and non-financial data;
- A 30-year financial plan is presented at Board and reviewed at least bi-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 promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Board;
- The Board receive reports from external and internal auditors who provide independent assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken. The internal auditor provides a rolling programme of audits covering key areas of the Association's operations. The Auditors report directly to the Board.

WESTWAY HOUSING ASSOCIATION LIMITED
BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2018

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 2018.

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 auditors and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

Approved on behalf of the Board

Abraham Nomafo
Chair

Date:

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

We have audited the financial statements of Westway Housing Association Limited for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Reserves and notes to the financial statements including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2018 and of its surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Cooperative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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 the provisions available for small entities, in the circumstances set out in note 7 to the financial statements, 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 to you 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 society'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 in relation to which the Cooperative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the information given in the Board's report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 6, the Board are 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 are 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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Statutory 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 web-site 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(2) of the Cooperative 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.

15 Bunhill Row
London EC1Y 8LP

Beever and Struthers
Statutory Auditors
Chartered Accountants

Date

WESTWAY HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018	2017
		£	£
TURNOVER	2	4,349,183	4,343,333
Operating expenditure	2	(2,987,679)	(2,797,039)
OPERATING SURPLUS	2	1,361,504	1,546,294
Interest receivable		266	5,562
Interest and financing costs	6	(431,535)	(502,589)
Surplus before tax		930,235	1,049,267
Taxation		-	-
SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	7	930,235	1,049,267

The financial statements on pages 12 to 31 were approved and authorised for issue by the Board on 1 August 2018 and were signed on its behalf by:

ABRAHAM NOMAFO
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 31 form an integral part of these financial statements.

WESTWAY HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2018

	Revenue Reserves £
Balance at 1 April 2016	6,827,581
Surplus for the year	1,049,267
Balance at 31 March 2017	7,876,848
Surplus for the year	930,235
Balance at 31 March 2018	8,807,083

The notes on pages 16 to 31 form an integral part of these financial statements.

WESTWAY HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018		2017	
		£	£	£	£
TANGIBLE FIXED ASSETS					
Housing land and buildings - gross cost	9		54,747,748		53,587,563
- depreciation	9		(7,660,042)		(7,184,478)
			<u>47,087,706</u>		<u>46,403,085</u>
Other fixed assets	10		34,092		53,720
			<u>47,121,798</u>		<u>46,456,805</u>
CURRENT ASSETS					
Trade and other debtors	11a	200,728		208,601	
Cash at bank and in hand	11b	2,111,212		1,071,869	
		<u>2,311,940</u>		<u>1,280,470</u>	
CREDITORS					
Amounts falling due within one year	12	(2,130,056)		(2,080,224)	
NET CURRENT ASSETS / (LIABILITIES)			<u>181,884</u>		<u>(799,754)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>47,303,682</u>		<u>45,657,051</u>
CREDITORS: amounts falling due after more than one year	13		(38,496,583)		(37,780,187)
TOTAL NET ASSETS			<u>8,807,099</u>		<u>7,876,864</u>
CAPITAL AND RESERVES					
Share capital	17		16		16
Revenue reserves	18		8,807,083		7,876,848
TOTAL CAPITAL AND RESERVES			<u>8,807,099</u>		<u>7,876,864</u>

The financial statements on pages 12 to 31 were approved and authorised for issue by the Board on 1 August 2018 and were signed on its behalf by:

ABRAHAM NOMAFO
Chair

DEBRA REDHEAD-ALLEN
Treasurer

RICKY SCIPIO
Chief Executive & Company Secretary

The notes on pages 16 to 31 form an integral part of these financial statements.

WESTWAY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	2018		2017	
	£	£	£	£
Net cash generated from operating activities (see below Note i)		1,686,799		2,095,535
Cash flow from investing activities:				
Property acquisitions	(1,098,560)		-	
Component replacements	(204,733)		(475,871)	
Purchase of other tangible fixed assets	(10,388)		(1,128)	
Grants received	380,402		-	
Interest received	266		5,562	
		(933,013)		(471,437)
Net cash outflow from investing activities				
Cash flow from financing activities				
Interest paid	(325,696)		(486,350)	
Repayment of borrowings	(638,747)		(2,257,513)	
New secured loans	1,250,000		-	
Loan issue costs	-		-	
Issued share capital	-		1	
		285,557		(2,743,862)
Net cash inflow/(outflow) from financing activities				
Net change in cash and cash equivalents		1,039,343		(1,119,764)
Cash and cash equivalents at beginning of the year		1,071,869		2,191,633
		2,111,212		1,071,869
Cash and cash equivalents at end of the year				
		2018		2017
Cash and cash equivalents comprise:		£		£
Cash at bank		2,111,212		1,071,869
Note i		2018		2017
		£		£
Cash flow from operating activities		930,235		1,049,267
Adjustments for non-cash items:				
Depreciation of tangible fixed assets		648,689		614,905
(Increase)/Decrease in debtors		7,873		(6,586)
Increase in creditors		49,832		321,417
Increase/(Decrease) in provisions		(42,576)		(41,972)
Government grants utilised in the year		(338,523)		(338,523)
Adjustments for investing or financing activities:				
Interest and financing costs		431,535		502,589
Interest received		(266)		(5,562)
		1,686,799		2,095,535
Net cash generated from operating activities				

The notes on pages 16 to 31 form an integral part of these financial statements.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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 accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2014.

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 2015. The accounts are prepared on the historical cost basis of accounting and are presented in sterling £.

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 April 2015.

As a public benefit entity, Westway Housing Association has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

Turnover

Turnover represents rental and service charges income receivable, amortised government grants, fees and revenue grant from local authorities and Homes England.

Rental and service charges income is recognised when the property is available for let, net of voids.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, development costs and interest charges on loans during the development period and expenditure on improvements.

Improvements are works which results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life (UEL) of the property.

Where a housing property comprises two or more major components with substantially different useful economic lives, 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.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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

Freehold land and assets under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

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

Impairment

Housing properties are reviewed for impairment indicators on an annual basis. Where indicators are identified, an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resultant impairment loss is recognised as expenditure in the income and expenditure account.

Other fixed assets and depreciation

Other fixed assets are stated at cost, less 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

Social Housing Grant (SHG) is received from Homes England, local authorities and other government organisations. 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 income over the periods when the related costs are incurred once reasonable assurance has been gained that the Association will comply with the conditions and the funds will be received.

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.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Under certain circumstances, primarily following the sale of a property, the grant is repayable or recyclable but this is often restricted to the net proceeds of sale. Where government grants are required to be recycled, a liability is included to recognise this obligation.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Capitalisation of interest and development administration costs

The Association no longer has a development programme of its own and, as such, does not capitalise any of its own staff time or overheads or interest.

Loan 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.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the income and expenditure account using the annuity method.

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

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.

Derecognition 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.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Pension costs

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

The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Association has a participating interest.

Contributions payable under an agreement with Social Housing Pension Scheme (SHPS) to fund past deficits are recognised as a liability in the Association's financial statements calculated by the repayments known, discounted to the net present value at the year ended using a market rate discount factor based on an AA corporate rate bond. The unwinding of the discount is recognised as a finance cost in the Statements of Comprehensive Income in the period incurred.

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.

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. Provision has been made for the deficit contributions payable and the board have relied upon the information received from The Pensions Trust, scheme administrator.
- 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.

WESTWAY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Note	Turnover £	2018 Operating costs £	Operating surplus £
SOCIAL HOUSING LETTINGS				
General needs and supported housing	3	4,046,900	(2,718,642)	1,328,258
Hostel	3	302,283	(269,037)	33,246
TOTAL		4,349,183	(2,987,679)	1,361,504

	Note	Turnover £	2017 Operating costs £	Operating surplus £
SOCIAL HOUSING LETTINGS				
General needs and supported housing	3	4,055,726	(2,522,250)	1,533,476
Hostel	3	287,607	(274,789)	12,818
TOTAL		4,343,333	(2,797,039)	1,546,294

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 2018

3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General Needs Housing	Supported Housing	Hostels	Total 2018	Total 2017
	£	£	£	£	£
INCOME					
Rent receivable net of voids and identifiable service charges	3,142,297	153,542	296,954	3,592,793	3,610,414
Service income	357,243	40,720	-	397,963	365,433
Amortised government grants	327,989	6,584	3,950	338,523	338,523
Net rental income	3,827,529	200,846	300,904	4,329,279	4,314,370
Other income	18,525	-	1,379	19,904	28,963
TURNOVER FROM SOCIAL HOUSING LETTINGS	3,846,054	200,846	302,283	4,349,183	4,343,333
OPERATING EXPENDITURE					
Management	578,364	35,903	168,150	782,417	786,325
Services	398,200	49,143	45,290	492,633	412,239
General counselling & support	-	-	594	594	665
Routine maintenance	375,161	7,171	21,540	403,872	420,181
Planned maintenance	532,449	25,851	25,969	584,269	522,523
Major repairs expenditure	-	-	-	-	-
Bad debts	8,531	6,899	-	15,430	14,214
Depreciation of housing properties	594,934	16,244	7,494	618,672	582,516
Other costs	89,792	-	-	89,792	58,376
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	2,577,431	141,211	269,037	2,987,679	2,797,039
OPERATING SURPLUS ON SOCIAL HOUSING LETTINGS	1,268,623	59,635	33,246	1,361,504	1,546,294
Rent loss due to voids	(8,892)	(1,540)	-	(10,432)	(5,273)

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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.

	2018 £	2017 £
The aggregate emoluments paid to non-executive Directors	13,083	11,500
The aggregate emoluments paid to executive Directors	211,634	212,803
The emoluments of the highest paid Director (Chief Executive), excluding pension contributions	86,063	83,098

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 £8,862 (2017: £8,580).

The Board of Management remuneration in the year was £13,083 (2017: £11,500) 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

The average number of employees (including executive officers) during the year was:

	2018 Number	2017 Number
Office staff	12	11
Wardens, caretakers and cleaners	5	5
	17	16

Full time equivalents (based on a 35 hour week)

Office staff	11.6	10.8
Wardens, caretakers and cleaners	4.5	4.2
	16.1	15.0

Staff costs (for the above persons)

	2018 £	2017 £
Wages and salaries	604,769	566,481
Social Security costs	54,520	42,934
Pension costs	32,178	22,312
Re-measurements – SHPS	-	-
	691,467	631,727

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

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

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

6. INTEREST PAYABLE AND FINANCING COSTS

	2018	2017
	£	£
On loans repayable wholly or partly in more than five years	427,829	495,408
Unwinding of discount on deferred benefit pension charge	<u>3,706</u>	<u>7,181</u>
	<u>431,535</u>	<u>502,589</u>

7. SURPLUS ON ORDINARY ACTIVITIES

	2018	2017
	£	£
The operating surplus is stated after charging:		
Depreciation of housing properties	618,672	582,516
Depreciation of other fixed assets	30,016	32,389
Auditors' remuneration (excluding VAT):		
- In their capacity as auditors	7,610	7,325
- In respect of other services	-	-
Operating lease payments	86,447	89,056

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 2018

9. TANGIBLE FIXED ASSETS - HOUSING

	2018	2017
COST	£	£
At 1 April	53,587,563	53,301,469
Property acquisitions	1,098,560	-
Component additions to existing properties	204,733	475,871
Component disposals	(143,108)	(189,777)
At 31 March	<u>54,747,748</u>	<u>53,587,563</u>
 DEPRECIATION		
At 1 April	7,184,478	6,792,195
Charge for year	618,672	582,516
Component disposals	(143,108)	(190,233)
	<u>7,660,042</u>	<u>7,184,478</u>
 NET BOOK VALUE		
At 31 MARCH	<u>47,087,706</u>	<u>46,403,085</u>
 Housing properties comprises:		
Freehold properties	40,667,321	39,556,226
Long leasehold properties	14,080,427	14,031,337
	<u>54,747,748</u>	<u>53,587,563</u>

The Association had properties with a net book value of £30,694,263 (2017: £31,025,678) pledged as security for liabilities at 31 March 2018.

Works to existing properties in the year:

Components capitalised	204,733	475,871
Amounts charged to expenditure	<u>666,377</u>	<u>640,599</u>

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

10. OTHER FIXED ASSETS

COST	Office Equipment	Furniture and Fittings	Total 2018	Total 2017
	£	£	£	£
At 1 April	208,163	37,074	245,237	244,109
Additions	10,388	-	10,388	1,128
Disposals	-	-	-	-
AT 31 March	218,551	37,074	255,625	245,237
DEPRECIATION				
At 1 April	154,443	37,074	191,517	159,128
Charge for year	30,016	-	30,016	32,389
Disposals	-	-	-	-
AT 31 March	184,459	37,074	221,533	191,517
NET BOOK VALUE AT 31 MARCH	34,092	-	34,092	53,720

11. CURRENT ASSETS

11a. TRADE AND OTHER DEBTORS

	2018	2017
	£	£
Amounts receivable within one year:		
Rents and service charge arrears	180,662	199,941
Less: provision for bad debts	<u>(72,662)</u>	<u>(78,166)</u>
	108,000	121,775
Prepayments & accrued income	92,509	84,810
Staff loans	-	1,797
Other debtors	219	219
	200,728	208,601
	2018	2017
	£	£
11b. CASH AT BANK AND IN HAND	2,111,212	1,071,869

The Association has decided to use £500,000 of its surplus cash reserves, not required for immediate use, to part repay loan borrowings under a Revolving Credit Facility. The available facility is £4,000,000 and can be drawn down at any time.

12. CREDITORS

	2018	2017
	£	£
Amounts falling due within one year:		
Housing loans instalments due (note 14)	543,895	524,676
Social housing grant received in advance (note 15)	338,523	338,523
Taxation and social security costs	22,287	16,155
SHPS pension agreement plan (note 22)	43,971	42,345
Trade creditors	190,195	210,643
Rents and service charges paid in advance	185,019	148,240
Accruals and other deferred income	806,166	799,642
	2,130,056	2,080,224

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

13. CREDITORS

	2018 £	2017 £
Amounts falling due after more than one year:		
Housing loans (note 14)	10,448,102	9,729,605
Deferred capital grant (note 15)	27,833,107	27,791,228
SHPS pension agreement plan (note 22)	215,374	259,354
	38,496,583	37,780,187

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 1.78% and 10.51%.

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

	2018 £	2017 £
Housing loans repayable by instalments:		
Between one and two years	563,735	543,406
Between two and five years	2,485,009	2,086,504
In five years or more	7,493,907	7,206,574
	10,542,651	9,836,484
Less:		
Loan Issue Costs	(94,549)	(106,879)
	10,448,102	9,729,605
In one year or less	543,895	524,676
	10,991,997	10,254,281

Loan balance in five years or more includes £500,000 (2017: £1,750,000) of surplus cash reserves, not required for immediate use, to part repay the Revolving Credit Facility.

15. DEFERRED CAPITAL GRANT

	2018 £	2017 £
At 1st April	28,129,751	28,468,274
Grant received in the year	380,402	-
Released to income	(338,523)	(338,523)
At 31 March	28,171,630	28,129,751
Amount due to be released < 1 year	338,523	338,523
Amount due to be released > 1 year	27,833,107	27,791,228
	28,171,630	28,129,751

Grant received in the year was £380,402 (2017: £ Nil).

The total accumulated government grant received or receivable is £34,232,742 (2017: £33,852,340).

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

16. FINANCIAL INSTRUMENTS

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

	2018	2017
	£	£
<u>Financial Assets</u>		
Financial assets measured at cost		
Cash and cash equivalents	2,111,212	1,071,869
Financial assets measured at amortised cost		
Rental debtors	108,000	121,775
Other debtors	219	2,016
Total Financial Assets	2,219,431	1,195,660
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost		
Trade creditors	190,195	210,643
Other creditors	1,272,817	1,265,736
Housing loans payable	10,991,997	10,254,281
Total Financial Liabilities	12,455,009	11,730,660

17. SHARE CAPITAL

	2018	2017
	£	£
Shares of £1 each issued and fully paid:		
At 1 April	16	15
Issued during the year	-	1
Cancelled during the year	-	-
At 31 March	16	16

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. REVENUE RESERVES

	2018	2017
	£	£
At 1 April	7,876,848	6,827,581
Surplus for the year	930,235	1,049,267
At 31 March	8,807,083	7,876,848

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

19. CAPITAL COMMITMENTS

	2018	2017
	£	£
Capital expenditure which has been contracted for but not provided for in these financial statements	8,049	-
Capital expenditure which has been authorised by the Board but not contracted for	1,693,043	509,843
	1,701,092	509,843

The Association expects to finance the above commitments by:

Social Housing Grant receivable	219,876	219,876
Cash Reserves	1,481,216	289,967
	1,701,092	509,843

20. COMMITMENTS UNDER OPERATING LEASES

As at 31 March the Association had commitments of future minimum lease payments as follows:

	2018	2017
	£	£
Land and buildings		
In one year or less	67,317	67,385
Between one and two years	25,224	67,735
Between two and five years	-	59,824
Other		
In one year or less	-	7,827
Between one and two years	-	-
Between two and five years	-	-

21. ACCOMMODATION OWNED AND MANAGED

	2018	2017
	Number	Number
Social Housing		
Rented units – major refurbishment	3	-
Owned and managed at end of year:		
General Needs	458	458
Supported housing	23	23
Hostel bed spaces	17	17
	498	498
Managed at end of year:		
General Needs	11	11
	509	509
TOTAL HOMES IN MANAGEMENT AT END OF YEAR	509	509

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

22. PENSION OBLIGATIONS

SCHEME: The Pensions Trust – Social Housing Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1 st April)
Tier 2 From 1 April 2016 to 30 September 2023:	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1 st April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1 st April)
Tier 4 From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1 st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present value of provision was £259,345 (2017: £301,699).

Westway Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from SHPS based on the financial position of the Scheme as at 30 September 2016. As of this date the estimated employer debt for Westway Housing Association Ltd was £2,615,670.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

22. PENSION OBLIGATIONS (continued)

	2018	2017
	£	£
Reconciliation of opening and closing provisions		
Creditors at 1 April	301,699	328,000
Unwinding of the discount factor (interest expense)	3,706	7,181
Deficit contribution paid	(42,602)	(40,958)
Remeasurements - impact of any change in assumptions	(3,458)	7,476
Remeasurements – amendments to the contribution schedule	-	-
At 31 March	259,345	301,699
Amount payable < 1 year (note 12)	43,971	42,345
Amount payable > 1 year (note 13)	215,374	259,354
	259,345	301,699
 Income and expenditure impact		
	£	£
Interest expense	3,706	7,181
Remeasurements – impact of any changes in assumptions	(3,458)	7,476
Remeasurements – amendments to the contribution schedules	-	-
Contributions paid in respect of future service	32,178	22,312
Costs recognised in income and expenditure account	32,426	36,969
 Assumptions:		
Rate of discount	1.72%	1.33%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

22. PENSION OBLIGATIONS (continued)

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Year 1	44	43	41
Year 2	46	44	43
Year 3	39	46	44
Year 4	32	39	46
Year 5	33	32	39
Year 6	27	33	32
Year 7	21	27	33
Year 8	22	21	27
Year 9	11	22	21
Year 10	-	11	22
Year 11	-	-	11
Year 12	-	-	-
Year 13	-	-	-
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

23. RELATED PARTIES

At 31 March 2018 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 £12,615 (2017: £15,855) and total arrears at 2018 were £636 (2017: £1,178). Above figures for Mr McKenzie are from 6 September 2017, the point at which he was co-opted onto the Association's board as a tenant member.