



**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**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 2019**

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**WESTWAY HOUSING ASSOCIATION LIMITED**  
**BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**Board of Management**

Chair	Abraham Nomafo (retired 31 December 2018) Robert Greene (appointed 1 January 2019)
Vice Chair	Robert Greene (promoted to Chair Designate 29 September 2018) Chinyere Ugwu (appointed 29 September 2018)
Treasurer	Debra Redhead-Allen
Other Members	Chinyere Ugwu (promoted to Vice Chair 29 September 2018) Meera Bedi Addy Olubajo Lucy Knight-Ballard (Co-optee) Leroy McKenzie (Co-optee)

**Executive Management Team**

Ricky Scipio - Chief Executive & Company Secretary  
Mohamed Hussein - Interim Director of Housing Operations  
Previn Tailor – Finance Director

**Registered Office**

292B Kensal Road  
North Kensington  
London  
W10 5BE

**Statutory Auditor**

Beever and Struthers  
15 Bunhill Row  
London  
EC1Y 8LP

**Internal Auditor**

Moore Stephens LLP  
150 Aldersgate Street  
London  
EC1A 4AB

**Principal Solicitor**

Devonshires  
Salisbury House  
London Wall  
London  
EC2M 5QY

**Principal Banker**

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

**WESTWAY HOUSING ASSOCIATION LIMITED**  
**BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2019**

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The Board of Management is delighted to present its report and the audited financial statements for the year ended 31 March 2019.

### **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 514 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**

The Association enjoyed another successful year, delivering a surplus before tax of £984,965 (2018: £930,235) 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. Our focus on Value for Money (VfM) has remained a key part of our lean and agile business model that delivers for our customers. 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 are focused on creating a more accountable relationship management. 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.

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 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.

Income was principally from rents and service charges. This is the third year of the sector wide 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 £4,385,244 (2018: £4,349,183), 0.8% higher than previous year. The impact of rent reduction was partly offset by an increase in rental income from development of new homes. Operating expenditure at £3,003,284 (2018: £2,987,679) was 0.5% higher, significantly lower than the general rate of inflation. As a result, operating margin at 31.5% (2018: 31.3%) was better than last year and our target, and remains above our benchmark peer group. Retained surplus for the year was reduced to £642,996 (2018: £930,235) due to overall impact of provision for defined benefit pension deficit funding.

The surplus enables us to continue to invest in and improve the services we provide to our customers and ensures that we meet our interest cover requirements in line with our lenders' covenants.

## WESTWAY HOUSING ASSOCIATION LIMITED

### BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2019

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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. At the year end, our secured credit facility was £4,250,000. This includes use of £750,000 surplus cash (2018: £500,000) to pay down our borrowings under the revolver.

Our financial strength remains key to delivering our social objectives. Total reserves increased to £9,450,079 (2018: £8,807,083) 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 shows 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.

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. We have 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.

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 £221,417 (2018: £204,733) on major repairs largely consisting of new kitchens and boiler replacements. We have embarked on a programme of fire door inspections and carrying out supplementary works to ensure continued safety of our customers. 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.

We have successfully worked with customers, or signposted them to a particular agency, and helped them secure additional benefits.

As part of continuous improvements, some of the service areas earmarked for improvements in the new financial year include upgrade of our website, replacement of telephone system 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 windows and kitchens replacements. Part of our cleaning and gardening services will also be re-procured to deliver better value for money.

**WESTWAY HOUSING ASSOCIATION LIMITED**

**BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2019**

**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	Westway 2018/19	Westway 2017/18	Target 2018/19	*Benchmark 2018/19
<b>Operational Performance</b>				
Rent arrears	1.7%	1.6%	2.5%	4.0%
Rent collection	101.0%	101.0%	100.0%	100.1%
Void average re-let time (days)	23.8	26.3	21.0	25.5
Void losses	0.2%	0.3%	0.3%	0.5%
Emergency repairs completed within target	100.0%	100.0%	100.0%	99.0%
Urgent repairs completed within target	100.0%	97.0%	98.0%	93.0%
Routine repairs completed within target	100.0%	97.0%	100.0%	96.0%
Repairs completed on first visit	82.6%	90.0%	92.0%	90.5%
Gas safety certificate (LGSR)	100.0%	100.0%	100.0%	100.0%
Residents satisfied with repairs	93.8%	96.0%	97.0%	95.7%
<b>Value for Money Metrics</b>				
Reinvestment	2.4%	2.8%	2.4%	2.3%
New supply delivered (Social housing units)	1.0%	0.0%	1.0%	0.0%
Gearing	17.8%	18.9%	20.1%	18.1%
EBITDA MRI Interest Cover	359.2%	340.0%	235.4%	221.1%
Headline Social Housing Cost Per Unit	£5,087	£5,026	£5,628	£5,273
Operating Margin (Social housing lettings)	31.5%	31.3%	26.1%	14.8%
Return On Capital Employed (ROCE)	2.9%	2.9%	2.4%	2.4%
<b>Financial Comparators</b>				
Ratio of responsive repairs to planned maintenance	0.5	0.5	0.4	0.7
Management cost per unit	£1,607	£1,537	£1,594	£1,603
Maintenance cost per unit	£1,902	£1,941	£2,290	£952
Major repairs cost per unit	£431	£402	£639	£842
Debt per unit owned	£21,955	£23,266	£21,938	N/A

\* Benchmarking information provided by Acuity

**WESTWAY HOUSING ASSOCIATION LIMITED**  
**BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2019**

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In 2018/19, we achieved or exceeded most of our key performance targets against own and peer group indicators. Our performance on repairs completed on first visit and residents satisfaction was below par and is attributed to bedding in of new staff members in the team.

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 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, a climate of relatively lower interest rates and use of our revolving credit facility which reduced loan interest charges. Our return on assets was better than target and peer group. We are using our strong finances to increase affordable housing supply, boosting our stock in the year by five additional properties with plans for further increases 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 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 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.

We kick-started the development programme by successfully bidding and entering into an agreement with Enfield Council for the purchase of five grant funded street properties. The properties were refurbished and let in 2018 at affordable rents.

We are currently working with a developer, under section 106 agreement, for the purchase of nine new homes in Isleworth. This includes, for the first time in the Association's history, delivery of shared ownership properties. In addition, we are exploring a number of development opportunities which includes collaborative working with L&Q, under their Build London Partnership programme, to build the much needed new affordable homes.

## WESTWAY HOUSING ASSOCIATION LIMITED

### BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2019

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#### 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. On 31 December 2018, Abraham Nomafo retired as Chair after serving his maximum two, three-year terms. He was succeeded by Robert Greene, previously vice –chair of the Association. The Board express their thanks to both for their service, both past and future. There are currently two vacancies on the board.

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 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.

## WESTWAY HOUSING ASSOCIATION LIMITED

### BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2019

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

Ricky Scipio	Chief Executive
Mohamed Hussein	Interim Director of Housing Operations
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 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 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.

## WESTWAY HOUSING ASSOCIATION LIMITED

### BOARD REPORT FOR THE YEAR ENDED 31 MARCH 2019

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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 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 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.

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 2019.

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:** 31 July 2019

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

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## **Opinion**

We have audited the financial statements of Westway Housing Association Limited for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves and the Statement of Cash Flows 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 2019 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 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.

## **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 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 other information comprises the information included in the Board 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**

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**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 Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept adequate accounting records; or
- the Association's 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 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 determines 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 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](http://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 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:

**WESTWAY HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019	2018
		£	£
<b>TURNOVER</b>	2	4,385,244	4,349,183
Operating expenditure	2	(3,003,284)	(2,987,679)
<b>OPERATING SURPLUS</b>	2	<b>1,381,960</b>	<b>1,361,504</b>
Interest receivable		1,559	266
Interest and financing costs	6	(398,554)	(431,535)
<b>Surplus before tax</b>		<b>984,965</b>	<b>930,235</b>
Taxation		-	-
<b>Surplus for the year after tax</b>		<b>984,965</b>	<b>930,235</b>
<b>Other comprehensive income:</b>			
Initial recognition of multi-employer defined benefit scheme	22	(197,655)	-
Actuarial losses in respect of pension scheme	22	(144,314)	-
<b>SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>642,996</b>	<b>930,235</b>

The financial statements on pages 11 to 30 were approved and authorised for issue by the Board on 31 July 2019 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 15 to 30 form an integral part of these financial statements.

**WESTWAY HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CHANGES IN RESERVES**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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	<b>Revenue Reserves £</b>
<b>Balance at 1 April 2017</b>	<b>7,876,848</b>
Surplus for the year	930,235
<b>Balance at 31 March 2018</b>	<b>8,807,083</b>
Surplus for the year	642,996
<b>Balance at 31 March 2019</b>	<b>9,450,079</b>

The notes on pages 15 to 30 form an integral part of these financial statements.

**WESTWAY HOUSING ASSOCIATION LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019		2018	
		£	£	£	£
<b>TANGIBLE FIXED ASSETS</b>					
Housing land and buildings - gross cost	9		55,788,744		54,747,748
- depreciation	9		(8,158,266)		(7,660,042)
			<u>47,630,478</u>		<u>47,087,706</u>
Other fixed assets	10		11,750		34,092
			<u>47,642,228</u>		<u>47,121,798</u>
<b>CURRENT ASSETS</b>					
Trade and other debtors	11a	222,124		200,728	
Cash at bank and in hand	11b	1,730,484		2,111,212	
		<u>1,952,608</u>		<u>2,311,940</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	12	(2,280,477)		(2,130,056)	
<b>NET CURRENT ASSETS / (LIABILITIES)</b>			<u>(327,869)</u>		<u>181,884</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>47,314,359</u>		<u>47,303,682</u>
<b>CREDITORS: amounts falling due after more than one year</b>					
	13		(37,295,265)		(38,496,583)
<b>Provision for liabilities</b>					
Defined benefit pension liability	22		(569,000)		-
<b>TOTAL NET ASSETS</b>			<u>9,450,094</u>		<u>8,807,099</u>
<b>RESERVES</b>					
Share capital	17		15		16
Revenue reserves	18		9,450,079		8,807,083
<b>TOTAL RESERVES</b>			<u>9,450,094</u>		<u>8,807,099</u>

The financial statements on pages 11 to 30 were approved and authorised for issue by the Board on 31 July 2019 and were signed on its behalf by:

**ROBERT GREENE**  
Chair

**DEBRA REDHEAD-ALLEN**  
Treasurer

**RICKY SCIPIO**  
Chief Executive & Company Secretary

The notes on pages 15 to 30 form an integral part of these financial statements.

**WESTWAY HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2019**

	2019		2018	
	£	£	£	£
<b>Net cash generated from operating activities (see below Note i)</b>		<b>1,730,378</b>		<b>1,686,799</b>
<b>Cash flow from investing activities:</b>				
Property acquisitions	(910,836)		(1,098,560)	
Component replacements	(221,417)		(204,733)	
Purchase of other tangible fixed assets	(1,798)		(10,388)	
Grants received	164,458		380,402	
Interest received	1,559		266	
		<b>(968,034)</b>		<b>(933,013)</b>
<b>Net cash outflow from investing activities</b>				
<b>Cash flow from financing activities</b>				
Interest paid	(358,986)		(325,696)	
Repayment of borrowings	(1,284,086)		(638,747)	
New secured loans	500,000		1,250,000	
Loan issue costs	-		-	
Issued share capital	-		-	
		<b>(1,143,072)</b>		<b>285,557</b>
<b>Net cash inflow/(outflow) from financing activities</b>				
<b>Net change in cash and cash equivalents</b>		<b>(380,728)</b>		<b>1,039,343</b>
Cash and cash equivalents at beginning of the year		2,111,212		1,071,869
		<b>1,730,484</b>		<b>2,111,212</b>
<b>Cash and cash equivalents at end of the year</b>				
		<b>2019</b>		<b>2018</b>
<b>Cash and cash equivalents comprise:</b>		<b>£</b>		<b>£</b>
Cash at bank		<b>1,730,484</b>		<b>2,111,212</b>
		<b>2019</b>		<b>2018</b>
<b>Note i</b>		<b>£</b>		<b>£</b>
<b>Cash flow from operating activities</b>		<b>642,996</b>		<b>930,235</b>
<b>Adjustments for non-cash items:</b>				
Depreciation of tangible fixed assets		613,622		648,689
(Increase)/Decrease in debtors		(21,396)		7,873
Increase in creditors		150,421		49,832
Increase/(Decrease) in provisions		16,743		(222)
Pension costs less contributions payable		274,969		(42,354)
Government grants utilised in the year		(343,972)		(338,523)
<b>Adjustments for investing or financing activities:</b>				
Interest and financing costs		398,554		431,535
Interest received		(1,559)		(266)
		<b>1,730,378</b>		<b>1,686,799</b>
<b>Net cash generated from operating activities</b>				

The notes on pages 15 to 30 form an integral part of these financial statements.

# WESTWAY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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### 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 financial statements are prepared on the historical cost basis of accounting and are presented in Sterling (£) for the year ended 31 March 2019.

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.

The accounting relating to the Social Housing Pension Fund has not been consistently applied. The accounting policy is set out on page 18.

#### Going concern

The financial statements have been prepared on a going concern basis after consideration of the future prospects of the Association and the preparation of long term financial forecasts and plans which include an assessment of the availability of funding and the certainty of cash flow from rental of social housing stock.

#### 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.

#### Tangible fixed assets and depreciation

##### Housing properties

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 2019

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#### 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 2019

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#### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

##### **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 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 2019

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### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### **Pensions**

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

The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multiemployer pension scheme administered by TPT Retirement Solutions ('TPT'). Historically, TPT has not been able to provide sufficient information for each social landlord's share of SHPS to allow defined benefit accounting to be applied. Instead, in accordance with FRS 102 paragraphs 28.11 and 28.11A and Housing SORP paragraphs 15.9 to 15.12, SHPS has been accounted for as a defined contribution scheme and recognised a liability for the present value of the landlord's deficit funding agreement.

Following changes made to systems and processes by TPT, sufficient information is now available for SHPS. In January 2019, the Financial Reporting Council issued FRD71 ('Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Multi-employer defined benefit plans.') which provides proposed changes to FRS 102 on this issue.

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 SHPS has been recognised in Other Comprehensive Income. Further disclosures in this area are included in note 22.

#### **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. 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 2019**

**2. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

			2019	
	Note	Turnover	Operating costs	Operating surplus
		£	£	£
<b>SOCIAL HOUSING LETTINGS</b>				
General needs and supported housing	3	4,071,044	(2,719,685)	1,351,359
Hostel	3	314,200	(283,599)	30,601
<b>TOTAL</b>		<b>4,385,244</b>	<b>(3,003,284)</b>	<b>1,381,960</b>

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

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 2019**

**3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS**

	<b>General Needs Housing</b>	<b>Supported Housing</b>	<b>Hostels</b>	<b>Total 2019</b>	<b>Total 2018</b>
	£	£	£	£	£
<b>INCOME</b>					
Rent receivable net of voids and identifiable service charges	3,160,118	155,891	310,250	3,626,259	3,592,793
Service income	352,384	44,450	-	396,834	397,963
Amortised government grants	333,438	6,584	3,950	343,972	338,523
<b>Net rental income</b>	<b>3,845,940</b>	<b>206,925</b>	<b>314,200</b>	<b>4,367,065</b>	<b>4,329,279</b>
Other income	18,179	-	-	18,179	19,904
<b>TURNOVER FROM SOCIAL HOUSING LETTINGS</b>	<b>3,864,119</b>	<b>206,925</b>	<b>314,200</b>	<b>4,385,244</b>	<b>4,349,183</b>
<b>OPERATING EXPENDITURE</b>					
Management	637,284	27,639	161,087	826,010	782,417
Services	404,765	43,339	54,456	502,560	492,633
General counselling & support	-	-	-	-	594
Routine maintenance	355,283	14,334	18,906	388,523	403,872
Planned maintenance	524,833	22,416	41,889	589,138	584,269
Major repairs expenditure	-	-	-	-	-
Bad debts	9,250	11,291	-	20,541	15,430
Depreciation of housing properties	565,879	16,341	7,261	589,481	618,672
Other costs	87,031	-	-	87,031	89,792
<b>OPERATING COSTS ON SOCIAL HOUSING LETTINGS</b>	<b>2,584,325</b>	<b>135,360</b>	<b>283,599</b>	<b>3,003,284</b>	<b>2,987,679</b>
<b>OPERATING SURPLUS ON SOCIAL HOUSING LETTINGS</b>	<b>1,279,794</b>	<b>71,565</b>	<b>30,601</b>	<b>1,381,960</b>	<b>1,361,504</b>
Rent loss due to voids	(7,816)	(6,809)	-	(14,625)	(10,432)

**WESTWAY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**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.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
The aggregate emoluments paid to non-executive Directors	13,000	13,083
The aggregate emoluments paid to executive Directors	162,180	211,634
The emoluments of the highest paid Director (Chief Executive), excluding pension contributions	88,905	86,063

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 £9,166 (2018: £8,862).

The Board of Management remuneration in the year was £13,000 (2018: £13,083) 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:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Office staff	9	12
Wardens, caretakers and cleaners	5	5
	<b>14</b>	<b>17</b>

**Full time equivalents (based on a 35 hour week)**

Office staff	9.2	11.6
Wardens, caretakers and cleaners	4.5	4.5
	<b>13.7</b>	<b>16.1</b>

**Staff costs (for the above persons)**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	499,865	604,769
Social Security costs	45,818	54,520
Pension costs	31,677	32,178
	<b>577,360</b>	<b>691,467</b>

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
	<b>1</b>	<b>1</b>

**WESTWAY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**6. INTEREST PAYABLE AND FINANCING COSTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>On financial liabilities measured at amortised cost:</b>		
On loans repayable wholly or partly in more than five years	386,554	427,829
<b>On defined benefit pension scheme:</b>		
Expected return on plan assets	(39,000)	-
Interest on scheme liabilities	51,000	-
Unwinding of discount on deferred benefit pension charge	-	3,706
	<b>398,554</b>	<b>431,535</b>

**7. SURPLUS ON ORDINARY ACTIVITIES**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>The operating surplus is stated after charging:</b>		
Depreciation of housing properties	589,481	618,672
Depreciation of other fixed assets	24,141	30,016
Auditors' remuneration (excluding VAT):		
- In their capacity as auditors	8,800	7,610
- In respect of other services	-	-
Operating lease payments	67,385	86,447
	<b>689,807</b>	<b>742,745</b>

**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 2019**

**9. TANGIBLE FIXED ASSETS - HOUSING**

	<b>2019</b>	<b>2018</b>
<b>COST</b>	<b>£</b>	<b>£</b>
At 1 April	54,747,748	53,587,563
Property acquisitions	910,836	1,098,560
Component additions to existing properties	221,417	204,733
Component disposals	(91,257)	(143,108)
<b>At 31 March</b>	<b><u>55,788,744</u></b>	<b><u>54,747,748</u></b>
 <b>DEPRECIATION</b>		
At 1 April	7,660,042	7,184,478
Charge for year	589,481	618,672
Component disposals	(91,257)	(143,108)
	<b><u>8,158,266</u></b>	<b><u>7,660,042</u></b>
 <b>NET BOOK VALUE</b>		
<b>At 31 MARCH</b>	<b><u>47,630,478</u></b>	<b><u>47,087,706</u></b>
 <b>Housing properties comprises:</b>		
Freehold properties	41,690,332	40,667,321
Long leasehold properties	14,098,412	14,080,427
	<b><u>55,788,744</u></b>	<b><u>54,747,748</u></b>

The Association had properties with a net book value of £30,477,552 (2018: £30,694,263) pledged as security for liabilities at 31 March 2019.

**Works to existing properties in the year:**

Components capitalised	221,417	204,733
Amounts charged to expenditure	678,186	666,377
	<b><u>                    </u></b>	<b><u>                    </u></b>

**WESTWAY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**10. OTHER FIXED ASSETS**

<b>COST</b>	<b>Office Equipment</b>	<b>Furniture and Fittings</b>	<b>Total 2019</b>	<b>Total 2018</b>
	£	£	£	£
At 1 April	218,551	37,074	255,625	245,237
Additions	1,799	-	1,799	10,388
Disposals	-	-	-	-
<b>AT 31 March</b>	<b>220,350</b>	<b>37,074</b>	<b>257,424</b>	<b>255,625</b>
<b>DEPRECIATION</b>				
At 1 April	184,459	37,074	221,533	191,517
Charge for year	24,141	-	24,141	30,016
Disposals	-	-	-	-
<b>AT 31 March</b>	<b>208,600</b>	<b>37,074</b>	<b>245,674</b>	<b>221,533</b>
<b>NET BOOK VALUE AT 31 MARCH</b>	<b>11,750</b>	<b>-</b>	<b>11,750</b>	<b>34,092</b>

**11. CURRENT ASSETS**

**11a. TRADE AND OTHER DEBTORS**

	<b>2019</b>	<b>2018</b>
	£	£
<b>Amounts receivable within one year:</b>		
Rents and service charge arrears	201,560	180,662
Less: provision for bad debts	(90,613)	(72,662)
	110,947	108,000
Prepayments & accrued income	103,905	92,509
Other debtors	7,272	219
	<b>222,124</b>	<b>200,728</b>
	<b>2019</b>	<b>2018</b>
	£	£
<b>11b. CASH AT BANK AND IN HAND</b>	<b>1,730,484</b>	<b>2,111,212</b>

The Association has decided to use £750,000 of its surplus cash reserves, not required for immediate use, to part repay loan borrowings under a Revolving Credit Facility. The available facility is £4,250,000 and can be drawn down at any time.

**12. CREDITORS**

	<b>2019</b>	<b>2018</b>
	£	£
<b>Amounts falling due within one year:</b>		
Housing loans instalments due (note 14)	564,039	543,895
Deferred capital grant (note 15)	343,972	338,523
Taxation and social security costs	26,390	22,287
SHPS pension agreement plan (note 22)	-	43,971
Trade creditors	219,505	190,195
Rents and service charges paid in advance	219,337	185,019
Accruals and other deferred income	907,234	806,166
	<b>2,280,477</b>	<b>2,130,056</b>

**WESTWAY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**13. CREDITORS**

	<b>2019</b>	<b>2018</b>
<b>Amounts falling due after more than one year:</b>	<b>£</b>	<b>£</b>
Housing loans (note 14)	9,647,121	10,448,102
Deferred capital grant (note 15)	27,648,144	27,833,107
SHPS pension agreement plan (note 22)	-	215,374
	<b><u>37,295,265</u></b>	<b><u>38,496,583</u></b>

**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 10.58%.

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

	<b>2019</b>	<b>2018</b>
<b>Housing loans repayable by instalments:</b>	<b>£</b>	<b>£</b>
Between one and two years	586,621	563,735
Between two and five years	2,893,455	2,485,009
In five years or more	<u>6,249,258</u>	<u>7,493,907</u>
	9,729,334	10,542,651
<b>Less:</b>		
Loan Issue Costs	<u>(82,213)</u>	<u>(94,549)</u>
	9,647,121	10,448,102
In one year or less	564,039	543,895
	<b><u>10,211,160</u></b>	<b><u>10,991,997</u></b>

Loan balance in five years or more includes £750,000 (2018: £500,000) of surplus cash reserves, not required for immediate use, to part repay the Revolving Credit Facility.

**15. DEFERRED CAPITAL GRANT**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At 1st April	28,171,630	28,129,751
Grant received in the year	164,458	380,402
Released to income	(343,972)	(338,523)
At 31 March	<b><u>27,992,116</u></b>	<b><u>28,171,630</u></b>
Amount due to be released < 1 year	343,972	338,523
Amount due to be released > 1 year	27,648,144	27,833,107
	<b><u>27,992,116</u></b>	<b><u>28,171,630</u></b>

Grant received in the year was £164,458 (2018: £380,402).

The total accumulated government grant received or receivable is £34,397,200 (2018: £34,232,742).

**WESTWAY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**16. FINANCIAL INSTRUMENTS**

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

	<b>2019</b>	<b>2018</b>
	£	£
<b><u>Financial Assets</u></b>		
<b>Financial assets measured at cost</b>		
Cash and cash equivalents	1,730,484	2,111,212
<b>Financial assets measured at amortised cost</b>		
Rental debtors	110,947	108,000
Other debtors	7,272	219
<b>Total Financial Assets</b>	<b><u>1,848,703</u></b>	<b><u>2,219,431</u></b>
<b><u>Financial Liabilities</u></b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	219,505	190,195
Other creditors	1,126,571	1,272,817
Housing loans payable	10,211,160	10,991,997
<b>Total Financial Liabilities</b>	<b><u>11,557,236</u></b>	<b><u>12,455,009</u></b>

**17. SHARE CAPITAL**

	<b>2019</b>	<b>2018</b>
	£	£
Shares of £1 each issued and fully paid:		
At 1 April	16	16
Issued during the year	-	-
Cancelled during the year	(1)	-
<b>At 31 March</b>	<b><u>15</u></b>	<b><u>16</u></b>

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**

	<b>2019</b>	<b>2018</b>
	£	£
At 1 April	8,807,083	7,876,848
Surplus for the year	642,996	930,235
<b>At 31 March</b>	<b><u>9,450,079</u></b>	<b><u>8,807,083</u></b>

**WESTWAY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**19. CAPITAL COMMITMENTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Capital expenditure which has been contracted for but not provided for in these financial statements	41,556	8,049
Capital expenditure which has been authorised by the Board but not contracted for	628,375	1,693,043
	<b>669,931</b>	<b>1,701,092</b>

**The Association expects to finance the above commitments by:**

Social Housing Grant receivable	219,876	219,876
Cash Reserves	450,055	1,481,216
	<b>669,931</b>	<b>1,701,092</b>

**20. COMMITMENTS UNDER OPERATING LEASES**

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Land and buildings</b>		
In one year or less	67,317	67,317
Between one and two years	69,069	25,224
Between two and five years	217,742	-

**21. ACCOMMODATION OWNED AND MANAGED**

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
<b>Social Housing</b>		
Rented units – major refurbishment	-	3
<b>Owned and managed at end of year:</b>		
General Needs	463	458
Supported housing	23	23
Hostel bed spaces	17	17
	503	498
<b>Managed at end of year:</b>		
General Needs	11	11
	<b>514</b>	<b>509</b>
<b>TOTAL HOMES IN MANAGEMENT AT END OF YEAR</b>	<b>514</b>	<b>509</b>

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

22. PENSION OBLIGATIONS

**SCHEME: The Pensions Trust – Social Housing Pension Scheme**

The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions ('TPT'). The accounting policy in relation to SHPS is set out on page 18.

The following adjustments have been made in relation to transition to defined benefit accounting at the relevant date of application, 1 April 2018, in other comprehensive income:

- Removal of the liability for the funding of the deficit funding agreement (reduction in creditors of £259,345; increase in Other Comprehensive Income £259,345).
- Recognition of the net pension deficit (increase in pension liability (£457,000; reduction in Other Comprehensive Income £457,000).

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 30 September 2017, updated to 31 March, by a qualified independent actuary.

	31 March 2019	31 March 2018
	% per annum	% per annum
Discount Rate	2.31%	2.58%
Inflation (RPI)	3.29%	3.18%
Inflation (CPI)	2.29%	2.18%
Salary Growth	3.29%	3.18%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

**WESTWAY HOUSING ASSOCIATION LIMITED**  
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**FOR THE YEAR ENDED 31 MARCH 2019**

**22. PENSION OBLIGATIONS (continued)**

	<b>2019</b> <b>£</b>
<b>Analysis of amounts charged to expenditure</b>	
Employer contributions	19,686
SHPS expenses	3,000
Employer service cost	12,314
	<b>35,000</b>
<b>Analysis of pension finance income/(costs)</b>	
Expected return on pension scheme assets	(39,000)
Interest on pension liabilities	51,000
	<b>12,000</b>
<b>Amounts charged to finance costs</b>	
	<b>12,000</b>
<b>Amount of gains and losses recognised in the Statement of Comprehensive income</b>	
Actuarial gains on pension scheme assets	(14,000)
Actuarial losses on scheme liabilities	158,314
	<b>144,314</b>
<b>Movement in surplus/(deficit) during year</b>	
	<b>2019</b> <b>£</b>
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	(32,000)
SHPS expenses	(3,000)
Net interest/return on assets	(12,000)
Actuarial loss recognised	(144,314)
	<b>(388,969)</b>
<b>Deficit in scheme at 31 March</b>	<b>(388,969)</b>

WESTWAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

22. PENSION OBLIGATIONS (continued)

Asset and Liability Reconciliation

	2019 £
<b>Reconciliation of liabilities</b>	
Liabilities at start of period	1,944,000
Service cost	32,000
Interest cost	51,000
Employee contributions	10,276
SHPS expenses	3,000
Remeasurements	146,000
Benefits paid	(10,000)
	<u>2,176,276</u>
<b>Reconciliation of assets</b>	
Assets at start of period	1,487,000
Return on plan assets	39,000
Remeasurements	14,000
Employer contributions	67,000
Employee contributions	10,276
Benefits paid	(10,000)
	<u>1,607,276</u>
	<u>(569,000)</u>
<b>Actual return on plan scheme assets</b>	

23. RELATED PARTIES

At 31 March 2019 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 £15,702 (2018: £12,615) and at 2019 their rent balance was £1,563 prepaid (2018: £636 arrears).