ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended

31 March 2022

Dumfries and Galloway Housing Partnership Limited
(A Charitable Company Limited by Guarantee)

(Company No. SC220297)
(Scottish Housing Regulator Registration No.315)
(Scottish Charity No. SC039896)

STRATEGIC REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2022.

Principal activities
The principal activity of Dumfries and Galloway Housing Partnership Limited ("DGHP", "Dumfries and Galloway" or "the Partnership") is the provision and management of affordable rented accommodation. DGHP has a significant role in many of the towns and villages in Dumfries and Galloway, owning and maintaining around 10,300 homes in Scotland's third largest region covering some 2,380 square miles.

These consolidated financial statements include the results of DGHP and its wholly owned subsidiaries, Novantie Limited and DGHP3 Limited. On 30 March 2022, Novantie Limited transferred its properties to DGHP and ceased trading. Novantie provided commercial and mid-market rented properties. DGHP3 acts as development agent for the DGHP group. On 1 April 2022, DGHP3 became Wheatley Developments Scotland Limited ("WDSL"). WDSL changed ownership and is now a wholly owned subsidiary of Wheatley Homes Glasgow Limited.

OPERATING REVIEW

This year saw the full remobilisation of our services after the unparalleled challenges created by the Covid 19 pandemic. At the start of 2021 our housing officers were back on their patches and visiting customers. Our capital investment programme recommenced, as did non-essential internal investment work.

We resumed a full repairs service in April and, throughout the year, worked hard to address increased demand for our repairs service and the backlog that had built up during the pandemic restrictions.

We introduced a new Neighbourhood Environmental Teams ("NETs") service to DGHP in 2021/22, similar to that in place in other Wheatley Group subsidiaries. This new in-house team are responsible for keeping our communities clean and safe throughout the year.

We also pushed on with our plans for new homes and completed 37 new homes over the year and completed our largest ever annual investment programme, spending over £38million in the year on planned improvements to our homes and communities.

Our customers were still feeling the economic impact of the pandemic, of course, and we continued to support people in financial hardship in our communities in every way we could.

Our charitable trust, the Wheatley Foundation, introduced a number of programmes to DGHP communities during the year, including Wheatley Works with plans to expand this further in the next twelve months. In 2021/22, the Foundation supported almost 1,500 DGHP customers and also helped 70 people from our homes into work and training.

The year saw the launch of Wheatley Group's new five-year strategy – Your Home, Your Community, Your Future – which introduced our new operating model. Many aspects of the new

STRATEGIC REPORT (Continued)

OPERATING REVIEW (Continued)

strategy had been accelerated because of the pandemic, including greater use of technology, new ways of engaging and giving customers even more control over services.

This year also saw us begin to convert traditional offices into community-based centres of excellence and touchdown hubs.

The economic implications from the pandemic will be with us for years to come, with rising fuel prices and the emerging cost of living crisis, as well as the continuing difficulties brought on by Universal Credit, all having a real effect on our customers. As we moved into our new five-year strategy in 2021/22, our commitment to supporting our customers and communities remains stronger than ever.

Here are some of the highlights of the year:

Building new homes
We completed 32 new homes for social rent at Lincluden Depot including the conversion of an existing stable block and a further five new homes for social rent at St Medan's, Monreith. This is in addition to the 12 properties completed in March 2021 at Sanquhar to give a total of 49 new homes completed since our partnership with the Wheatley Group.

Work is also underway on 33 new homes at Gillwood Road in Eastriggs and 19 at Nursery Avenue in Stranraer.

Investing in our homes
We invested over £38.1million in improvements to our homes and communities over the year. This included:

- £7.0m on new energy efficient heating systems for over 1,300 customers;
- £3.7m on external wall installation for 148 homes;
- £6.0m on new windows for more than 900 homes;
- £1.3m on smoke and heat detectors;
- £4.6m on new kitchens for 600 customers; and
- £1.6m on environmental improvements.

In addition to this we invested £1.8m in adaptations to our homes to assist our customers

Our repairs service
We resumed a full repairs and maintenance service at the end of April 2021 and worked through the increased demand from our tenants for repairs following the removal of restrictions on the service. Over the year, we completed 53,000 reactive repair jobs. In April 2021, we expanded the scope of our in-house repairs services to cover annual gas safety and servicing works.

STRATEGIC REPORT (Continued)

OPERATING REVIEW (Continued)

Improving our neighbourhoods
Our Neighbourhood Environmental Teams ("NETs") helped us create clean and safe communities people are proud to live in. Over the year, they removed 18 tonnes of bulk waste from DGHP neighbourhoods every week. Across Wheatley, 78 tonnes of furniture was diverted from landfill, upcycled and delivered to customers through our Home Comforts service. Our environmental campaign at the end of 2021/22 helped us engage with partners and customers to improve DGHP neighbourhoods.

Wheatley's partnership with environmental charity Keep Scotland Beautiful, which sees communities inspected and assessed to help improve standards, will be introduced to DGHP communities over the coming year.

Wheatley's Community Improvement Partnership ("CIP") – a specialist team of seconded police and our own frontline staff – continued to work with DGHP communities to tackle anti-social behaviour and crime. In Dumfries, the CIP's work with partners in Lochside and Lincluden resulted in a drop in anti-social behaviour. The CIP also worked with Queen of the South Ladies football team to support a football academy in response to disorder involving young girls.

Wheatley Group was named Policing Partner of the Year at the 2022 Chief Constable Bravery and Excellence Awards.

We helped protect customers from the risk of fire by carrying out 61 home fire safety visits in DGHP homes over the year. Over the past two years, we have delivered 520 products including air fryers, fire retardant bedding and stove guard devices, to customers across Wheatley. This year saw a 30% reduction in accidental fires in Wheatley homes.

Letting homes
Throughout the year, we continued to increase our allocation of homes to homeless people.
DGHP allocated 494 homes to homeless people over the year, including six homes to Housing First, a multi-agency partnership to tackle rough sleeping, and eight temporary furnished homes 'flipped' to permanent homes for the homeless people living in them.

Supporting our customers
Almost 37% of DGHP customers are now on Universal Credit ("UC"), an increase of 5% from last year. Our Welfare Benefits Advisors supported 782 DGHP customers over the year and helped them claim more than £1.2m in benefits and tax credits they were entitled to. Our fuel advisors also helped 132 DGHP customers save almost £21k on their bills over the year. We will continue to support our customers over the next year with the economic impact of the pandemic and the difficulties caused by rising fuel prices and the wider cost of living crisis.

STRATEGIC REPORT (Continued)

OPERATING REVIEW (Continued)

We helped customers get online this year and encouraged them to engage with us through our digital channels and online self-service accounts. In 2021/22, 932 customers signed up to the self-service portal on the DGHP website, with over 600 active users over the year.

Our online discounts scheme, *MySavings*, continues to help customers make their money go further and cut the cost of their weekly shop. In 2021/22, 5,900 customers across Wheatley were registered for *MySavings*, an increase of 1,000 from the previous year.

More than 6,700 people used the DGHP website every month, with more than 80,000 active users over the year and we had almost 7,000 followers on our social media channels Facebook and Twitter this year.

Working with Wheatley Foundation, we:

- created 74 opportunities for our customers to get into work or training, with 70 customers benefitting;
- supported 75 new tenants with household budgeting, running a home and settling into their community through "*My Great Start*";
- helped 694 households put food on the table by distributing 1,588 emergency food vouchers through our "EatWell" service;
- provided essential household items to 83 customers through our "*Barony Support Fund*" and "*Emergency Response Fund*";
- awarded eight young people from our homes a bursary to go to university or college;
- provided over 2,000 free books to 247 children under five in our homes through the Dolly Parton Imagination Library initiative; and
- helped 63 young people take part in the arts through our youth arts small grants project.

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

STRATEGIC REPORT (continued)

FINANCIAL REVIEW

Income
The DGHP Group's turnover for the year ended 31 March 2022 totalled £55.0m (2021: £48.7m). The main source of income for the Group is the provision of social rental of housing property with net rental income of £45.4m (2021: £43.6m).

Grant income attributable to social letting activities reported through the Statement of Comprehensive Income was £7.4m (2021: £3.5m), with the increase in the year due to the recognition of New Build Grant on the completion of 37 new build properties in Lincluden and Monreith. In addition, the Group recognised £1.7m for aids and adaptations grant funding and £1.0m for funding received towards the installation of energy efficient heating systems. Grants received towards the development of new build housing are recognised on the completion of the properties in line with the performance method required by FRS 102.

Expenditure
Operating costs of the DGHP Group in the year totalled £38.6m (2021: £33.2m), with the increase attributable to higher repairs and maintenance spend following the easing of lockdown restrictions and catch up in work postponed from 2020/21.

The main items of expenditure were:

- Management and maintenance administration costs associated with affordable letting activities totalling £11.2m (2021: £10.1m).
- £10.3m of reactive maintenance costs to our social letting properties (2021: £6.2m).
- £3.4m of planned and cyclical maintenance costs including major repair costs to improve our social housing properties (2021: £2.8m).
- Depreciation expenditure, for social and non-social housing assets of £11.4m (2021: £9.6m).

The DGHP Group generated an operating surplus of £20.8m (2021: £18.6m) after a £1.3m gain on investment properties (2021: £3.1m gain), relating to the valuation of mid-market rent and commercial units and a gain on the transfer of pension scheme obligations of £3.1m (2021: £nil).

Other expenditure in the year includes finance charges of £6.1m (2021: £6.1m).

Total comprehensive loss for the year of £18.3m (2021: £45.0m gain) includes a decrease in valuation of social housing properties of £34.5m (2021: increase of £32.3m) and an actuarial gain of £1.5m (2021: £0.1m) in respect of the Dumfries and Galloway Pension Fund.

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

The housing stock valuation is prepared on an Existing Use Valuation for Social Housing ("EUV-SH") basis which uses a discounted cashflow method to determine the year end valuation and as a result the £38.1m capital investment made in housing properties during the year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology. The £34.5m decrease in the housing stock valuation at 31 March 2022 is also linked to other factors including:

- the increase in the number of properties approved or planned for demolition held at nil value
- the completion of 37 new homes which are initially valued at a loss under the EUV-SH basis when compared to the gross construction cost by virtue of the requirement to recognised new build grant funding the initial construction cost as income through the Statement of Comprehensive Income

Cashflows
The cash flow statement of the DGHP Group is shown on page 23. DGHP Group generated £28.1m from operating activities (2021: £26.1m). At 31 March 2022, cash and cash equivalents were £43.1m; a decrease of £27.2m in the year. This is after the investment of £38.1m in existing social housing properties and a further £11.7m in new build development after the receipt of £1.6m of grant income during the year to support the development programme. No new borrowings were drawn in the year.

Rental debtors
At the statement of financial position date, the DGHP Group had rent arrears of £2.8m offset by bad debt provisions of £1.2m (2021: £2.7m and £1.1m respectively).

Liquidity
The DGHP Group's net current assets at 31 March 2022 totalled £31.3m, a decrease of £29.0m in the year, due to a reduction in cash balances with funds used to deliver the year's investment programme in DGHP's social housing properties. Loan arrangements are in place which provide sufficient capacity along with £43.1m cash balances at the year end to allow the DGHP Group to meet liabilities as they fall due and enable further investment in existing stock and the new build programme.

Capital structure and treasury
The DGHP Group's activities are funded on the basis of a Business Plan which is updated annually. Long-term funding is provided through access to facilities with M&G, The Housing Finance Corporation, Allia, and The Royal Bank of Scotland as detailed in note 21. Following the successful conclusion of discussions with DGHP's funders and the Wheatley Group's other RSL funders, with effect from 1 April 2022, DGHP's funding will be administered through the Group's RSL funding vehicle, Wheatley Funding No. 1 Limited.

Investment in tenants' homes
During the year we invested £38.1m in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £410.7m (2021: £406.9m).

New Build
During the financial year we completed 37 new properties at two developments at Monreith and Lincluden with work also progressing on a further 52 new homes on sites at Gillwood Road in Eastriggs and Nursery Avenue in Stranraer. Our new build programme invested £11.6m in the year. The Business Plan includes a further projected spend of £94.5m on the new build programme over the next five years.

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

Reserves policy
Under the Statement of Recommended (Accounting) Practice ("SORP") 2014 and Financial Reporting Standard ("FRS") 102, the Company may operate with up to three principal reserves; a revenue reserve, a revaluation reserve and a pension reserve.

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

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

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

The residual amount of revenue reserves, not represented by grant, may be invested by the Company in line with its 30-year business plan financial projections. Such investment is subject to the Company maintaining a viable financial profile over the life of its business plan, as well as approval by the Wheatley Group Board. In approving the Company's business plan annually, the Wheatley Group Board will take into account projected compliance with the loan covenants which apply, as well as the impact of sensitivity analysis and other risk factors which may apply.

Revaluation reserve
The revaluation reserve represents, to the extent applicable, the increase in valuation which has occurred over and above the cost of additions to the Company's property. This reserve is therefore also not realisable, on the basis that to do so would involve selling social housing assets and would therefore undermine the Company's core charitable purpose.

Pension reserve
As part of the pension restructure, all of DGHP's assets and obligations in Dumfries and Galloway Pension Fund were transferred to Wheatley Homes Glasgow Limited through its participation in Strathclyde Pension Fund.

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

By order of the Board

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Maureen Dowden
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Maureen Dowden, Chair
08 September 2022

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

DIRECTORS' REPORT

DUMFRIES AND GALLOWAY HOUSING PARTNERSHIP BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

Directors and Directors' interests

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

Name	Appointed	Resigned
Maureen Dowden (chair)	28 March 2018	-
Fiona Burden	23 March 2020	-
Irene Clark	20 February 2019	22 September 2021
Michael Greaves-Mackintosh*	28 September 2017	-
Caryl Hamilton	14 June 2021	
John Henderson	27 September 2018	-
Heather Macnaughton	28 March 2018	-
Hugh Martin *	30 March 2022	
John McCraw*	17 September 2019	-
William Robertson *	26 September 2013	22 September 2021
George Thorley	20 February 2019	1 April 2021

* tenant of the Company

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

The Directors are also trustees of the charity and are appointed by the members of the Company at its Annual General Meeting. DGHP's subsidiaries, Novantie and DHGP 3, are governed by separate Boards, although certain Directors participate in both Boards. A full list of Directors for both subsidiaries is available in the respective annual financial statements.

Creditor payment policy

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

Disclosure of information to auditor

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

DIRECTORS' REPORT (Continued)

Board's Statement on Section 172 of the Companies Act 2006

The Directors act in a way they consider, in good faith, would be most likely to promote the success of the Company and the Group for the benefit of its members as a whole. Key decisions and matters of strategic importance are considered and informed by the requirements of section 172. This Strategic Report sets out how we delivered activity on behalf of our stakeholders in line with our strategy during the year.

The DGHP Group exists for the benefit of its key stakeholders - the customers we serve in our communities. The interests of our stakeholders are understood through an open and transparent dialogue conducted through many varied channels, such as:

- Feedback obtained through the annual tenant satisfaction survey carried out by an independent company;
- Tenants are represented on the Board;
- Formal consultation with tenants on rent increase proposals;
- We operate local engagement structures;
- Social media and online engagement;
- Publication of regular tenant newsletters and annual report to tenants; and
- The establishment of the Tenant Scrutiny Panel to review performance of the organisation under the Scottish Housing Charter.

The DGHP Group employees are key to delivering the objectives of the organisation, represent the business externally and maintain the reputation of the DGHP Group with our stakeholders. The DGHP Group operates a policy of providing employees with information about its activities and plans through formal recognition of a number of trade unions as well as internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Employees are encouraged to participate in regular discussions with their line managers as part of the Group's commitment to ensuring all staff are aware of their role in achieving the DGHP Group's aims and objectives. Regular meetings are also held between management and employees to allow a free flow of information and ideas.

In setting the strategy and through the preparation of the 30-year business plan, the Directors consider the likely consequences of decisions in the long term and ensure that the business continues to be financially viable and is able to meet all current and future financial commitments to its lenders.

The impact the DGHP Group has on its neighbourhood and the environment is a key element in its purpose. More details of the DGHP Group's aims as part of the wider Wheatley Housing Group are set out in the Wheatley Group's Statement on Environmental, Social and Governance.

DIRECTORS' REPORT (Continued)

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

The Directors acknowledge their responsibility for ensuring that the Company has in place systems of control that are appropriate to its business environment. These controls are designed to give reasonable assurance with respect to:

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

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

The key procedures which have been established are as follows:

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

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

DIRECTORS' REPORT (Continued)

Statement of Directors responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the group and parent charitable company financial statements in accordance with applicable law and regulations.

Company and charity law requires the directors to prepare financial statements for each financial year. Under that law they have are required to prepare the group and parent charitable company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent charitable company and of the group's income and expenditure for that period. In preparing each of the group and parent charitable company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

By order of the Board

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Maureen Dowden
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Maureen Dowden, Chair
08 September 2022

Wheatley House
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Independent auditor's report to the trustees and members of Dumfries and Galloway Housing Partnership Limited

Opinion

We have audited the financial statements of Dumfries and Galloway Housing Partnership Limited ("the charitable company") for the year ended 31st March 2022 which comprise the Group Statement of Comprehensive Income, Company Statement of Comprehensive Income, Group Statement of Changes in Reserves, Company Statement of Changes in Reserves, Group Statement of Financial Position, Company Statement of Financial Position, Group Statement of Cash Flows, Company Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charitable company's affairs as at 31st March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the charitable company or to cease their operations, and as they have concluded that the group and the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the

Independent auditor's report to the trustees and members of Dumfries and Galloway Housing Partnership Limited (continued)

above conclusions are not a guarantee that the group or the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

- Reading Board minutes.

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

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These include those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the assumptions used in pension and property valuations.

Identifying and responding to risks of material misstatement due to nom-compliance with laws and regulations

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

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

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

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

Independent auditor's report to the trustees and members of Dumfries and Galloway Housing Partnership Limited (continued)

Whilst the charitable company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance allow could have a material effect on amounts or disclosures in the financial statements.

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

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

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

Other information

The directors are responsible for the other information, which comprises the Annual Report, Strategic Report and Directors' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Annual Report, which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate and proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the charitable company's members and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body and its trustees, as a body, for our audit work, for this report or for the opinions we have formed.

Michael Wilkie

Michael Wilkie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
319 St Vincent Street
Glasgow
G2 5AS
21 September 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022 - GROUP

	Notes	Total 2022 £'000	Total 2021 £'000
Turnover	3	54,965	48,692
Operating expenditure	3	(38,623)	(33,187)
Other gains	3	4,463	3,064
Operating surplus		20,805	18,569
Finance income	10	78	138
Finance charges	11	(6,111)	(6,125)
(Decrease)/increase in valuation of other fixed assets	16	(186)	7
Surplus before tax		14,586	12,589
Taxation	12	113	(17)
Surplus after tax		14,699	12,572
Unrealised (deficit)/surplus on revaluation of housing properties		(34,511)	32,301
Actuarial gain in respect of pension schemes		1,466	120
Total comprehensive result for the year		(18,346)	44,993

All amounts relate to continuing operations.

The notes on pages 25 to 57 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022 – COMPANY

	Note	**2022 £'000**	**2021 £'000**
Turnover	3	54,909	48,629
Operating expenditure	3	(38,659)	(33,194)
Other gains	3	4,463	2,974
Operating surplus		20,713	18,409
Finance income	10	78	138
Finance charges	11	(6,095)	(6,125)
(Decrease)/increase in valuation of other fixed assets	16	(186)	7
Surplus for the year		14,510	12,429
Unrealised (deficit)/ surplus on revaluation of housing properties		(34,511)	32,176
Actuarial gain in respect of pension schemes		1,466	120
Total comprehensive result for the year		(18,535)	44,725

All amounts relate to continuing operations.

The notes on pages 25 to 57 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2022 - GROUP

	Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2020	77,572	154,789	232,361
Total comprehensive expenditure for the year	44,993	-	44,993
Transfer of reserves for the revaluation of housing properties	(32,301)	32,301	-
Gift aid payment	(80)	-	(80)
Balance at 31 March 2021	90,184	187,090	277,274
Total comprehensive loss for the year	(18,346)	-	(18,346)
Transfer of reserves for the revaluation of housing properties	34,511	(34,511)	-
Gift aid payment	(475)	-	(475)
Balance at 31 March 2022	105,874	152,579	258,453

All amounts relate to continuing operations.

The notes on pages 25 to 57 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2022 - COMPANY

	Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2020	77,248	153,658	230,906
Total comprehensive expenditure for the year	44,725	-	44,725
Transfer of reserves for the revaluation of housing properties	(32,176)	32,176	-
Balance at 31 March 2021	89,797	185,834	275,631
Total comprehensive loss for the year	(18,535)		(18,535)
Transfer of reserves for the revaluation of housing properties	34,511	(34,511)	-
Dividend received from Novantie	596	-	596
Balance at 31 March 2022	106,369	151,323	257,692

All amounts relate to continuing operations.

The notes on pages 25 to 57 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 – GROUP

	Notes	**2022** **£'000**	**2021** **£'000**
Fixed assets			
Social housing properties	15	410,729	406,871
Other tangible fixed assets	16	901	854
Investment properties	17	12,940	11,599
		424,570	419,324
Current assets			
Stock	18	695	1,414
Trade and other debtors	19	8,876	2,999
Cash and cash equivalents		43,072	70,443
		52,643	74,856
Creditors: amounts falling due within one year	20	(21,349)	(14,545)
Net current assets		31,294	60,311
Total assets less current liabilities		455,864	479,635
Creditors: amounts falling due after more than one year	21	(197,323)	(198,544)
Provisions for liabilities			
Pension liability	22	-	(3,325)
Other provisions	23	(88)	(492)
Total net assets		258,453	277,274
Reserves			
Share capital		-	-
Revenue reserve including pension reserve		105,874	90,184
Revaluation reserve		152,579	187,090
Total reserves		258,453	277,274

These financial statements were approved by the Board on 17 August 2022 and were signed on its behalf on 08 September 2022 by:

DocuSigned by:
Maureen Dowden
A41D11D109E348B...
Maureen Dowden
Chair

The notes on pages 25 to 57 form part of these financial statements.
Company Registered Number SC220297

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 - COMPANY

	Notes	**2022 £'000**	**2021 £'000**
Fixed assets			
Social housing properties	15	410,929	407,071
Other tangible fixed assets	16	901	847
Investment properties	17	12,940	11,010
		424,770	418,928
Current assets			
Stock	18	695	1,415
Trade and other debtors	19	8,765	3,272
Cash and cash equivalents		42,534	70,022
		51,994	74,709
Creditors: amounts falling due within one year	20	(21,661)	(15,758)
Net current assets		30,333	58,951
Total assets less current liabilities		455,103	477,879
Creditors: amounts falling due after more than one year	21	(197,323)	(198,544)
Provisions for liabilities			
Pension liability	22	-	(3,325)
Other provisions	23	(88)	(379)
Total net assets		257,692	275,631
Reserves			
Share capital		-	-
Revenue reserve including pension reserve		106,369	89,797
Revaluation reserve		151,323	185,834
Total reserves		257,692	275,631

These financial statements were approved by the Board on 17 August 2022 and were signed on its behalf on 08 September 2022 by:

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Maureen Dowden
A41D11D109E348B...
Maureen Dowden
Chair

The notes on pages 25 to 57 form part of these financial statements.
Company Registered Number SC220297

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 - GROUP

	Notes	**2022 £'000**	**2021 £'000**
Net cash generated from operating activities	25	28,143	26,081
Cash flow from investing activities			
Improvement of properties	15	(38,073)	(10,988)
Gift aid paid		(471)	(80)
Construction of new properties	15	(11,706)	(7,880)
Investment property additions		(20)	(34)
Purchase of other fixed assets	16	(590)	(472)
Grants received		1,593	4,505
Finance income		78	138
		(49,189)	(14,811)
Cash flow from financing activities			
Finance charges	11	(6,103)	(6,051)
		(6,103)	(6,051)
Net change in cash and cash equivalents		(27,149)	5,219
Cash and cash equivalents at 1 April		70,221	65,002
Cash and cash equivalents at 31 March		43,072	70,221

Cash and cash equivalents comprises:			
Cash at bank		43,072	70,443
Overdraft repayable on demand		-	(222)
		43,072	70,221

The notes on pages 25 to 57 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 - COMPANY

	Notes	**2022** **£'000**	**2021** **£'000**
Net cash generated from operating activities	25	27,313	27,372
Cash flow from investing activities			
Improvement of properties	15	(38,073)	(10,988)
Construction of new properties	15	(11,706)	(8,206)
Investment properties additions		(20)	(34)
Purchase of other fixed assets	16	(586)	(470)
Grants received		1,593	4,505
Finance income		78	138
		(48,714)	(15,055)
Cash flow from financing activities			
Finance charges	11	(6,087)	(6,051)
		(6,087)	(6,051)
Net change in cash and cash equivalents		(27,488)	6,266
Cash and cash equivalents at 1 April		70,022	63,756
Cash and cash equivalents at 31 March		42,534	70,022

The notes on pages 25 to 57 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Legal status

Dumfries and Galloway Housing Partnership Limited ("DGHP" or "the Company") is a wholly owned subsidiary of The Wheatley Housing Group ("WHG"). The Company is limited by guarantee and registered under the Companies Act, is a registered Scottish Charity No.SC039896 and DGHP is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principal activity of the Group is the provision of social housing and associated housing management services.

The Company and its subsidiaries Novantie Limited ("Novantie") and DGHP3 Limited are referred to as the "DGHP Group". The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL. On 1 April 2022, DGHP3 became Wheatley Developments Scotland Limited ("WDSL"). WDSL changed ownership and is now a wholly owned subsidiary of Wheatley Homes Glasgow Limited.

Dumfries and Galloway Housing Partnership Limited is a public benefit entity.

2. Accounting policies

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

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

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

The DGHP Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2022 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan which included updated scenarios including severe but plausible downsides including consideration of any further potential implications of the Covid 19 pandemic. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

On 30 March 2022, Novantie Limited transferred its properties to DGHP and ceased trading. The management of these properties now sit with Lowther Homes Limited. On 1 April 2022, WDSL changed ownership and is now a wholly owned subsidiary of Wheatley Homes Glasgow Limited. Neither of these impact DGHP's going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

The Board, after reviewing the DGHP Group and Company budgets for 2022/23 and the DGHP Group's financial position as forecast in the 30-year business plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the DGHP Group and Company have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions have been increased to allow for customer difficulties in making payments and budget and business plan scenarios updated to take account of potential future changes in rent increases;
- The property market – budget and business plan scenarios have taken account of delays, remobilisation planning and reprofiled new build handovers;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of a revised profile of repairs and maintenance expenditure;
- Development activity – forecast development expenditure has been modelled to take account of potential revised investment profiles;
- Liquidity – current available cash of £42.5m and unutilised loan facilities of £35.0m which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

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

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

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

Accounting judgements and estimations

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

Judgements have been made in:

- Determining the appropriate discount rates used in the valuation of housing properties,
- Component accounting and the assessment of useful lives.
- The assessment of the fair value of financial instruments;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

- Determining the value of the DGHP Group's share of defined benefit pension scheme assets and obligations prior to the transfer of the obligations in Dumfries and Galloway Council Pension Fund to The Glasgow Housing Association Limited. The valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

Basis of Consolidation
The DGHP Group Financial Statements incorporate the financial statements of the Group's parent Dumfries and Galloway Housing Partnership Limited and its subsidiaries, Novantie Limited and DGHP3 Limited. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

Related party disclosures
The Company is a wholly owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Company and Group have taken advantage of the exemption, under the terms of FRS 102, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Turnover
Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, revenue grants and other income. Turnover is recognised when there is entitlement, any performance conditions attached have been met, it is probable income will be received and the amount can be realised reliability. Income received in advance is treated as deferred income.

Grant income
Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the Statement of Recommended Practice for social housing providers 2014 ("SORP 2014"). Prior to satisfying the performance conditions, capital grants are held as deferred income on the statement of financial position. The DGHP Group has received grant income under the UK Government's Coronavirus Job Retention Scheme and this is accounted for as revenue grant in line with the performance model and disclosed in note 4 to the financial statements.

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

Supported housing
Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

Financial Instruments
Loans are classed as basic financial instruments under the requirements of FRS 102, and are measured at amortised cost.

In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

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

Pensions
During the year, the Company participated in a defined benefit pension scheme arrangement with the Dumfries and Galloway Council Pension Fund ("DGCFP" or "the Fund"). The Fund is administered by Dumfries and Galloway Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. The Fund provides benefits based on final pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of the Fund are held separately from those of the Company. The Company accounts for its participation in the Fund in accordance with FRS 102 which requires disclosures presented for both the current and comparative period. FRS 102 also requires that quoted securities are valued at their current bid-price rather than their mid-market value.

As part of a Group pension restructure, the assets and obligations of DGHP in DGCPF were transferred on 28 February 2022 to Strathclyde Pension Fund ("SPF") which is another section of the Local Government Pension Scheme. The Glasgow Housing Association Limited, another Wheatley Group subsidiary is a participating employer in SPF. This transfer allowed the Wheatley Group's participation in the Local Government Pension Scheme to be consolidated within Strathclyde Pension Fund.

Prior to the transfer, the Fund liabilities were measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Company's share of the Fund surplus (to the extent that it is recoverable) or deficit has in previous reporting periods been recognised in full. The movement in the Fund surplus or deficit is split between operating charges, finance items and, in the statement of comprehensive income under actuarial gain or loss on pension schemes.

Fixed assets - housing properties

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

- **Valuation of social housing of properties**

Housing properties are valued annually on an Existing Use Value for Social Housing ("EUV-SH") basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that result in enhancement of the economic benefits of the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

- **Depreciation and Impairment**

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

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

	Economic life
Bathrooms	25
External environment	20
External wall finishes	35
Heating system boiler	12
Internal works and common areas	20
Kitchens	20
Mechanical, electrical and plumbing	25
Structure and roofs	50
Windows and doors	30

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

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus.

- **New Build**

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

The Group's policy is to capitalise the following:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

2. Accounting policies (continued)

Non-social housing properties
Housing for Mid-Market Rent is valued on an open market value subject to tenancies basis at the date of the Statement of Financial Position by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation and are held as investment properties and not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised improvement works.

Commercial properties are held as investment properties and not subject to depreciation, they are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are revalued at each reporting date.

New Build Grant and other capital grants
New Build Grant is received from central government and local authorities and contributes to the costs of housing properties.

New Build Grant received is recognised as income in the Statement of Comprehensive Income when new build properties are completed or the capital work is carried out. New Build Grant due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

Properties are disposed of under the appropriate legislation and guidance. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is abated and the grant is removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay is disclosed as a contingent liability.

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

	Economic Life
Furniture, fittings and office equipment (cost)	5 years
Computer equipment (cost)	3 years
Office Improvements (cost)	10 years
Community infrastructure (cost)	20 years

Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are made on a regular basis to ensure the carrying amount does not differ materially from the fair value at the end of the reporting period. Valuations are carried out at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

2. Accounting policies (continued)

Provisions
The DGHP Group only provides for liabilities at the date of the Statement of Financial Position where there is a legal or constructive obligation incurred which will probably result in the outflow of resources.

Taxation
As a charity, Dumfries and Galloway Housing Partnership Limited is exempt from corporation tax on its charitable activities by virtue of Section 478 Corporation Tax Act 2010 and from capital gains tax by virtue of Section 256 Capital Gains Tax Act 1992. A charge for taxation is made in the DGHP Group's non-charitable subsidiary companies, Novantie Limited and DGHP 3 Limited, based on their taxable profit for the year. In accordance with FRS 102, full provision is made for all material timing differences.

Value Added Tax
Dumfries and Galloway Housing Partnership Limited and its subsidiaries are registered for VAT. DGHP and Novantie are members of the Wheatley Housing Group VAT group. The majority of its income, including rental receipts, is exempt for VAT purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

3. Particulars of turnover, operating costs and operating surplus - Group

				2022	2021
	Turnover	Operating Costs	Other gains and (losses)	Operating surplus/ (deficit)	Operating surplus
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	52,822	(36,823)	-	15,999	17,588
Other activities (note 5)	2,143	(1,800)	-	343	(2,083)
Gain on transfer of pension (note 9)	-	-	3,142	3,142	-
Revaluation of investment properties (note 17)	-	-	1,321	1,321	3,064
Total	**54,965**	**(38,623)**	**4,463**	**20,805**	**18,569**
Total for previous reporting period	**48,692**	**(33,187)**	**3,064**	**18,569**	

Particulars of turnover, operating costs and operating surplus – Company

				2022	2021
	Turnover	Operating Costs	Other gains and (losses)	Operating surplus/ (deficit)	Operating surplus
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	52,822	(36,823)	-	15,999	17,588
Other activities (note 5)	2,087	(1,836)	-	251	(2,153)
Gain on transfer of pension (note 9)	-	-	3,142	3,142	-
Revaluation of investment properties (note 17)	-	-	1,321	1,321	2,974
Total	**54,909**	**(38,659)**	**4,463**	**20,713**	**18,409**
Total for previous reporting period	**48,629**	**(33,194)**	**2,974**	**18,409**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

4. Particulars of turnover, operating costs and operating surplus from social letting activities – Group and Company

	General Needs £'000	Supported Housing £'000	Other £'000	2022 Total £'000	2021 Total £'000
Rent receivable net of service charges	44,519	1,208	-	45,727	44,044
Service charges	210	6	-	216	213
Gross income from rents and service charges	**44,729**	**1,214**	**-**	**45,943**	**44,257**
Less rent losses from voids	(551)	(15)	-	(566)	(657)
Net income from rents and service charges	**44,178**	**1,199**	**-**	**45,377**	**43,600**
Grants released from deferred income	3,979	105	-	4,084	1,055
Revenue grants from Scottish Ministers	3,249	88	-	3,337	893
Other revenue grants	23	1	-	24	1,523
Total turnover from affordable letting activities	**51,429**	**1,393**	**-**	**52,822**	**47,071**
Management and maintenance administration costs	(10,924)	(296)	-	(11,220)	(10,109)
Service costs	(121)	(3)	-	(124)	(155)
Planned and cyclical maintenance including major repairs costs	(3,357)	(91)	-	(3,448)	(2,771)
Reactive maintenance costs	(10,036)	(272)	-	(10,308)	(6,230)
Bad debts – rents and service charges	(319)	(9)	-	(328)	(138)
Impairment of housing under construction	-	-	-	-	(498)
Depreciation of affordable let properties	(11,094)	(301)	-	(11,395)	(9,582)
Operating costs from social letting activities	**(35,851)**	**(972)**	**-**	**(36,823)**	**(29,483)**
Operating surplus from social lettings	**15,578**	**421**	**-**	**15,999**	**17,588**
Operating surplus/(deficit) from social lettings for the previous reporting period	**16,363**	**909**	**316**	**17,588**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

5. Particulars of turnover, operating costs and operating surplus from other activities - Group

	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	2022 Operating Surplus /(deficit) £'000	2021 Operating Surplus /(deficit) £'000
Wider role	-	180	180	-	180	-
Factoring	-	133	133	(113)	20	(89)
Investment property activities	-	642	642	(54)	588	580
Support activities	121	-	121	(23)	98	(76)
Agency/management services	-	7	7	(1)	6	(115)
Organisation restructuring	-	-	-	(1,255)	(1,255)	(2,781)
Environmental grants	-	471	471	-	471	468
Other income	-	589	589	-	589	281
Depreciation	-	-	-	(354)	(354)	(351)
Total from other activities	**121**	**2,022**	**2,143**	**(1,800)**	**343**	**(2,083)**
Total from other activities for the previous reporting period	**120**	**1,501**	**1,621**	**(3,704)**	**(2,083)**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 - (continued)

5. Particulars of turnover, operating costs and operating surplus from other activities - Company

	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	2022 Operating Surplus /(deficit) £'000	2021 Operating Surplus /(deficit) £'000
Wider role	-	180	180	-	180	-
Factoring	-	133	133	(113)	20	(89)
Investment property activities	-	588	588	(88)	500	524
Support activities	121	-	121	(24)	97	(76)
Agency/management services	-	7	7	(1)	6	(133)
Organisation restructuring	-	-	-	(1,256)	(1,256)	(2,781)
Environmental grants	-	471	471	-	471	468
Other income	-	587	587	-	587	283
Depreciation	-	-	-	(354)	(354)	(349)
Total from other activities	**121**	**1,966**	**2,087**	**(1,836)**	**251**	**(2,153)**
Total from other activities for the previous reporting period	**120**	**1,438**	**1,558**	**(3,711)**	**(2,153)**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

6. Board members' emoluments – Group and Company

No Board members received remuneration (2021: nil).

7. Key Management Emoluments – Group and Company

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

	2022	**2021**
	£ 000	**£ 000**
Aggregate emoluments payable to key management (including pension contributions and benefits in kind)	174	182
During the periods the key management's emoluments (excluding pension contributions) fell within the following band distributions:		
More than £nil but not more than £10,000	1	-
More than £10,000 but not more than £20,000	-	1
More than £20,000 but not more than £30,000	4	4
More than £40,000 but not more than £50,000	1	1

Key management personnel in the year were as follows:

Martin Armstrong	Group Chief Executive
Tom Barclay	Group Director of Property and Development
Olga Clayton	Group Director of Housing and Care
Steven Henderson	Group Director of Finance
Graham Isdale	Group Director of Corporate Affairs
Frank McCafferty – from 1 March 2020	Group Director of Repairs and Assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

8. Employees - Group and Company

	2022	2021
	No.	No.
The average monthly number of full-time equivalent persons employed during the year was	314	269
The average total number of employees employed during the year was	325	300
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	10,624	10,501
Social security costs	1,055	898
Pension costs	1,120	1,504
Pension service cost	1,223	605
	14,022	13,508

9. Other Gains and losses

Gain on transfer of pension assets and obligations

As part of a Group pension restructure, the employment contracts of DGHP staff who were active members of Dumfries and Galloway Council Pension Fund were transferred to Wheatley Homes Glasgow Limited on 28 February 2022 and their pension membership was transferred from Dumfries and Galloway Council Pension Fund ("DGCPF") to Strathclyde Pension Fund ("SPF") with a corresponding transfer of DGHP's pension assets and obligations from DGPF to SPF. A gain of £3,142k relates to the actuarial valuation at 28 February 2022 of DGHP's assets and obligations transferred. Under FRS 102 Section 28 the gain is recognised in reporting operating surplus in the Statement of Comprehensive Income.

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Gain on transfer of pension assets and obligations	3,142	-	3,142	-
	3,142	-	3,142	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

10. Finance income

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Bank interest receivable on deposits in the year	78	138	78	138
	78	138	78	138

11. Finance charges

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Interest on loans	5,895	5,862	5,895	5,862
Amortisation of loan premium	(52)	(52)	(52)	(52)
Other financing costs	208	240	192	240
Net interest charges on pension liability	60	75	60	75
	6,111	6,125	6,095	6,125

Other financing costs include commitment, non-utilisation fees and the amortisation of transaction costs of the Company's funding arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

12. Tax on surplus on ordinary activities

Group	2022 £000	2021 £000
Total tax expense recognised in the Statement of Comprehensive Income:		
Current tax:		
Current tax on income for the year	-	-
Adjustment in respect of prior periods	-	-
		-
Deferred tax:		
Origination and reversal of timing differences	(113)	17
Effects of changes in tax rates	-	-
	(113)	17
Total Tax	(113)	17

The Company had no tax charge for the year (2021: nil).

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. The Finance Bill 2021 was substantively enacted on 24 May 2021 and given Royal Assent on 10 June 2021.

The charitable status of Dumfries and Galloway Housing Partnership Limited means that no corporation tax is payable on their activities. Tax is payable on the profits from the activities of the DGHP Group's other non-charitable subsidiary companies.

Factors affecting the tax charge for the current period

Group	2022 £000	2021 £000
Reconciliation of effective tax rate		
Surplus for the year	14,699	12,572
Total tax (credit)/ expense	(113)	17
Surplus excluding taxation	14,586	12,589
Tax using the UK corporation tax rate of 19% (2021: 19%)	2,771	2,392
Effects of:		
Charitable surplus/losses not subject to tax	(2,663)	(2,296)
Adjustment in respect of prior periods	-	(3)
Qualifying charitable donations	(108)	(76)
Transfer of investment properties on a nil gain nil loss basis	(113)	-
Total tax (credit)/ expense included in Statement of Comprehensive Income	(113)	17

The Company has no tax charge for the year (2021: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

13. Auditor's remuneration

The remuneration of the auditor (excluding VAT) is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Audit of these financial statements	59	58	39	50
Other services	-	-	-	-
	59	58	39	50

14. Financial commitments

Capital commitments – Group and Company

All capital commitments were as follows:

	2022	**2021**
	£'000	**£'000**
Expenditure contracted for, but not provided in the financial statements	19,187	24,797
Expenditure authorised by the Board but not contracted	664	7,824
	19,851	32,621

Capital commitments are funded through a combination of grant received from the Scottish Government in relation to our new build programme, operating surplus generated by the DGHP Group, and private funding.

Operating leases – Group and Company

At 31 March the DGHP Group and Company had total commitments under non-cancellable operating leases as follows:

	2022 Land and Buildings	**2021 Land and Buildings**
	£000	**£000**
Operating lease payments due:		
Within one year	127	150
In the second to fifth years inclusive	83	-
Over five years	-	-
	210	150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Lease commitments include the timing of the full payment due under contract as required by FRS 102. The DGHP Group's social housing properties are held under operating leases and are tenanted under cancellable operating lease conditions. As such, no disclosure of tenant leases under FRS 102 section 20.30 is made.

15. Tangible Fixed Assets

Social Housing Properties – Group

	Social Housing Properties £'000	Housing Under Construction £'000	Total £000
Valuation			
At 1 April 2021	394,044	12,827	406,871
Additions	38,073	11,706	49,779
Disposals	(5,684)	-	(5,684)
Transfers	10,601	(10,601)	-
Revaluation	(40,237)	-	(40,237)
At 31 March 2022	396,797	13,932	410,729
Accumulated Depreciation			
As at 1 April 2021	-	-	-
Charge for year	(10,328)	-	(10,328)
Disposals	4,602	-	4,602
Revaluation	5,726	-	5,726
At 31 March 2022	-	-	-
Net Book Value - Valuation			
At 31 March 2022	396,797	13,932	410,729
At 31 March 2021	394,044	12,827	406,871
Net Book Value – Cost			
At 31 March 2022	245,557	16,330	261,887
At 31 March 2021	216,563	13,325	229,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

15. Tangible fixed assets (continued)

Social Housing Properties – Company

	Social Housing Properties £'000	Housing Under Construction £'000	Total £000
Valuation			
At 1 April 2021	394,044	13,027	407,071
Additions	38,073	11,706	49,779
Disposals	(5,684)	-	(5,684)
Transfers	10,601	(10,601)	-
Revaluation	(40,237)	-	(40,237)
At 31 March 2022	396,797	14,132	410,929
Accumulated Depreciation			
As at 1 April 2021	-	-	-
Charge for year	(10,328)	-	(10,328)
Disposals	4,602	-	4,602
Revaluation	5,726	-	5,726
At 31 March 2022	-	-	-
Net Book Value - Valuation			
At 31 March 2022	396,797	14,132	410,929
At 31 March 2021	394,044	13,027	407,071
Net Book Value – Cost			
At 31 March 2022	245,557	14,030	259,587
At 31 March 2021	216,688	13,027	229,715

Total DGHP Group expenditure on repairs and capital improvements in the year on existing properties was £49.8m (2021: £20.0m). Of this, repair costs of £13.8m (2021: £9.0m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £38.1m (2021: £11.0m) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £38.1m in the year include:

- £31.7m for component additions including:
    - £1.6m on external environment;
    - £3.7m on external wall finishes;
    - £7.0m on new energy efficient heating systems;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

15. Tangible fixed assets (continued)

- £4.6m on kitchens;
- £1.2m on bathrooms
- £2.5m on mechanical, electrical and plumbing;
- £5.1m on structure and roofs; and
- £6.0m on windows and doors.

- The remaining balance of £6.3m of additions to existing properties not associated with a specific component includes £4.5m on void improvements and £1.8m of medical adaptations.

Additions to housing under construction include capitalised interest costs of £489k (2021: £391k). Interest has been capitalised at the weighted average interest cost for the DGHP Group of 3.23% (2021: 3.83%)

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Company's demolition programme, as detailed in the Company's 30-year Business Plan for 2022/23. The demolition programme identifies 529 (2021: 128) properties for demolition over the next few years, with no long term investment expenditure associated with these properties.

Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, and so is held at £nil on the Statement of Financial Position as under FRS 102 there is no constructive obligation at the date of the Statement of Financial Position to provide for these costs.

Retained stock for letting has been valued at £396.8m. Housing under construction, with a NBV of £14.1m, is not included within this total.

Social housing properties have been valued by JLL, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2022 on an Existing Use Valuation for Social Housing ("EUV-SH").

Included in core stock are 966 garages and 1,197 parking sites owned by Dumfries and Galloway Housing Partnership held at a value of £3,990k (2021: £3,964k). These have been valued at market value subject to tenancy ("MV-T"), the Directors consider the difference between EUV-SH and MV-T for these properties to be immaterial.

Discount rates between 5.75-7.00% have been used depending on the property archetype (2021: 5.75-6.50%). The valuation assumes a real rental income growth of 0.5% for the first two years, followed by long-term real rental growth of 1.0% per annum, in line with the Association's 30-year Business Plan (2022/23). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

15. Tangible fixed assets (continued)

The number of units of accommodation (excluding unlettable voids) held by the DGHP Group and Company at 31 March 2022 is shown below:

	Group 2022	Group 2021	Company 2022	Company 2021
Social Housing				
General needs	9,842	9,855	9,842	9,855
Supported housing	272	272	272	272
Housing held for long-term letting	10,114	10,127	10,114	10,127
Housing approved/planned for demolition	179	128	179	128
Total Units	10,293	10,255	10,293	10,255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

16. Other Tangible Fixed Assets – Group

	Office Property £'000	Furniture, fittings & Equipment £'000	Total £'000
Cost or valuation			
At 1 April 2021	342	3,947	4,289
Additions	158	432	590
Revaluation	(200)	-	(200)
At 31 March 2022	300	4,379	4,679
Accumulated Depreciation			
At 1 April 2021	-	3,435	3,435
Charge for year	14	343	357
Revaluation	(14)	-	(14)
At 31 March 2022	-	3,778	3,778
Net Book Value			
At 31 March 2022	300	601	901
At 31 March 2021	342	512	854

Net Book Value -cost			
At 31 March 2022	744	601	1,345
At 31 March 2021	600	512	1,112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

16. Other Tangible Fixed Assets – Company

	Office Property £'000	Furniture, fittings & Equipment £'000	Total £'000
Valuation			
At 1 April 2021	342	3,880	4,222
Additions	158	428	586
Transfer from Novantie	-	72	72
Revaluation	(200)	-	(200)
At 31 March 2022	300	4,380	4,680
Accumulated Depreciation			
At 1 April 2021	-	3,375	3,375
Charge for year	14	340	354
Transfer from Novantie	-	64	64
Revaluation	(14)	-	(14)
At 31 March 2022	-	3,779	3,779
Net Book Value			
At 31 March 2022	300	601	901
At 31 March 2021	342	505	847
Net Book Value - cost			
At 31 March 2022	744	601	1,345
At 31 March 2021	600	505	1,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

17. Investment properties - Group

	Properties held for market rent £'000	**Commercial properties £'000**	**Total £'000**
Valuation			
At 1 April 2021	11,050	549	11,599
Additions at cost	20	-	20
Revaluation taken to operating surplus	1,320	1	1,321
At 31 March 2022	12,390	550	12,940
Net Book Value			
At 31 March 2022	12,390	550	12,940
At 31 March 2021	11,050	549	11,599

Market rent properties were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, Savills (UK) on 31 March 2022. Commercial properties were valued by an independent professional advisor, JLL, on 31 March 2022 in accordance with the appraisal and valuation manual of the RICS.

17. Investment properties – Company

	Properties held for market rent £'000	**Commercial properties £'000**	**Total £'000**
Valuation			
At 1 April 2021	11,010	-	11,010
Additions at cost	20	-	20
Revaluation taken to operating surplus	1,320	1	1,321
Transfer from Novantie	40	549	589
At 31 March 2022	12,390	550	12,940
Net Book Value			
At 31 March 2022	12,390	550	12,940
At 31 March 2021	11,010	-	11,010

Market rent properties were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, JLL on 31 March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

17. Investment properties (continued)

The number of properties held for market rent by the Group and the Company at 31 March was:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Mid Market Rent Properties				
Total Units	101	101	101	100

18. Stock

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Materials on site	144	972	144	973
Van stocks	551	442	551	442
	695	1,414	695	1,415

Materials on site relates to items held but not yet installed into housing properties as part of the investment programme.

Van stocks are repairs materials for use by the in-house repairs service and are held at average cost.

19. Debtors

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Arrears of rent & service charges	2,814	2,653	2,813	2,632
Less: Provision for bad and doubtful debts	(1,228)	(1,104)	(1,228)	(1,093)
	1,586	1,549	1,585	1,539
Prepayments and accrued income	649	622	648	622
Other debtors	5,899	828	5,776	766
Due from other group companies	742	-	756	345
	8,876	2,999	8,765	3,272

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

20. Creditors: amounts falling due within one year

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Trade creditors	10,737	3,752	10,047	3,710
Bank overdraft	-	222	-	-
Accruals	237	4,481	36	4,407
Deferred income	4,161	4,725	4,161	4,725
Rent and service charges received in advance	567	161	567	160
Tax and social security	262	207	262	207
Other creditors	3,387	424	3,101	217
Corporation tax	-	-	-	-
Due to other group companies	1,998	573	3,487	2,332
	21,349	14,545	21,661	15,758

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

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Loans	191,783	190,802	191,783	190,802
Deferred income	5,540	7,742	5,540	7,742
	197,323	198,544	197,323	198,544

Bank lending facility

As at 31 March 2022, DGHP had £224.0m of private placement and bank funding facilities in place, with total drawn debt balances of £189.0m. The facilities in place comprised of:

A £114.0m private placement with M&G, secured against a portion of the Company's housing properties, with interest payable at rates of 2.59% to 2.83%.

A facility of £40.0m is in place with The Housing Finance Corporation ("THFC"). The loan premium of £1,602k received on drawdown is being amortised over the life of the loan and at 31 March 2022 stood at £1,082k (2021: £1,134k) with interest fixed at a rate of 5.2% with the loan repayable in full in October 2043. A further £35.0m facility is in place with Allia under the Scottish Government Charity Bonds Programme, at rates between 2.18% to 3.67% with interest repayable at end of loan term and included above in loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

A revolving credit facility of £35.0m is in place with the Royal Bank of Scotland.

Dumfries and Galloway Housing Partnership Limited has secured £270m of its housing stock against these facilities. At 31 March 2022, 44% (£210m) of DGHP's housing properties remained unsecured.

Borrowings are repayable as follows

	2022	2021
	£'000	£'000
In less than one year	-	-
In more than one year but less than five years	5,887	-
In more than five years	185,896	190,802
	191,783	190,802

Deferred income

Analysis of deferred income – Group and Company

	New Build Grant	Other grant/ income	Total
	£'000	£'000	£'000
Deferred income as at 1 April 2021	11,585	882	12,467
Additional income received	1,593	-	1,593
Released to Statement of Comprehensive Income	(3,979)	(380)	(4,359)
Deferred income as at 31 March 2022	9,199	502	9,701

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

Deferred income to be released to the Statement of Comprehensive Income:	**2022**	**2021**
	£'000	**£'000**
In less than one year (note 20)	4,161	4,725
In more than one year but not less than five years	5,540	7,742
In more than five years	-	-
	9,701	12,467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

Financial instruments - Group

	2022 £'000	2021 £'000
Financial assets:		
Measured at amortised cost:		
Debtors and accrued income	8,876	2,999
Total	8,876	2,999

	2022 £ 000	2021 £ 000
Financial liabilities:		
Measured at amortised cost:		
Creditors, accruals and deferred income	26,889	22,347
Bank loans	191,783	190,802
Total	218,672	213,149

Financial instruments - Company

	2022 £'000	2021 £'000
Financial assets:		
Measured at amortised cost:		
Debtors and accrued income	8,765	3,272
Total	8,765	3,272

	2022 £ 000	2021 £ 000
Financial liabilities:		
Measured at amortised cost:		
Creditors, accruals and deferred income	27,201	23,500
Bank loans	191,783	190,802
Total	218,984	214,302

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

22. Pensions

Dumfries and Galloway Pension Fund

Dumfries and Galloway Housing Partnership Limited participated during the year in the Dumfries and Galloway Pension Fund which is administered by Dumfries and Galloway Council and is a defined benefit scheme. Dumfries and Galloway Pension Fund is part of the wider Local Government Pension Scheme ("LGPS") in Scotland. The assets of the scheme are held separately from those of the Company with investments under the overall supervision of the Fund Trustees. The latest full actuarial valuation was carried out as at 31 March 2020.

The formal valuation at 31 March 2020 includes an allowance for full GMP indexation and the estimated impact of the McCloud judgement based on eligibility criteria for inclusion of members in the agreed remedy.

As part of a pension restructure, all of DGHP's assets and obligations in Dumfries and Galloway Pension Fund were transferred to Wheatley Homes Glasgow Limited through its participation in Strathclyde Pension Scheme, which is also a part of the Local Government Pension Scheme. The transfer took place on 28 February 2022 and DGHP's obligations in Dumfries and Galloway Pension Fund have been settled at that date.

DGHP Group Defined Contribution Scheme

The DGHP Group also operates a defined contribution scheme with Scottish Widows. These arrangements are open to all employees of DGHP who are not members of the Dumfries and Galloway Pension Fund.

Defined Benefit assets and obligations

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

	28 February 2022	**31 March 2021**
Discount rate	2.65%	2.05%
Future salary increases	2.30%	*1.85%
Inflation (CPI)	3.30%	2.80%

*Salary increases as assumed to be 1.50% for the first three years and 2.00% thereafter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

22. Pensions (continued)

In valuing the liabilities of the pension fund at 28 February 2022, mortality assumptions are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions in 2022 and 2021 are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: male 20.8 years, female 23.3 years (2021: 20.8 and 23.3 years, respectively)
- Future retiree upon reaching 65: male 21.8 years, female 25.2 years (2021: 21.9 and 25.3 years, respectively)

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

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

Movements in present value of defined benefit obligation

	2022	**2021**
	£'000	**£'000**
Opening defined benefit obligation	**23,468**	**16,333**
Current service cost	445	647
Past service cost (including curtailments)	1,031	435
Interest cost	436	410
Actuarial losses/(gains)	(548)	5,871
Contributions by members	71	118
Estimated benefits paid	(380)	(346)
Transfer of obligations to Strathclyde Pension Fund	(24,523)	-
Closing defined benefit obligation	**-**	**23,468**

Movements in fair value of plan assets

	2022	**2021**
	£'000	**£'000**
Opening fair value of plan assets	**20,143**	**13,568**
Expected return on plan assets	376	335
Actuarial gains/(losses)	918	5,991
Contributions by the employer	253	477
Contributions by the members	71	118
Estimated benefits paid	(380)	(346)
Transfer of assets to Strathclyde Pension Fund	(21,381)	-
Closing fair value of plan assets	**-**	**20,143**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

22. Pensions (continued)

	2022 £'000	2021 £'000
Present value of funded defined benefit obligations	-	(23,468)
Fair value of plan assets	-	20,143
Net asset	-	(3,325)

Expense recognised in the statement of comprehensive income

	2022 £'000	2021 £'000
Current service cost	445	647
Past service cost	1,031	435
Net interest on net defined benefit obligation (note 11)	60	75
	1,536	1,157

The total amount recognised in the statement of comprehensive income in respective of actuarial gains and losses is £1,466k gain (2021: £120k gain).

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

	2022 £'000	2021 £'000
Equities	-	14,504
Corporate bonds	-	3,424
Property	-	2,215
	-	20,143
Actual return on plan assets	1,368	6,326

23. Provisions for liabilities and charges - Group

	Deferred tax £'000	Dilapidations £'000	Total £'000
At 1 April 2021	113	379	492
Utilised	(113)	(381)	(494)
Added in the year	-	90	90
	-	88	88

Provisions for liabilities and charges - Company

	Dilapidations £'000	Total £'000
At 1 April 2021	379	379
Utilised	(381)	(381)
Added in the year	90	90
	88	88

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

24. Related party transactions – Group and Company

Members of the Management Board are related parties of the Company as defined by FRS 102.

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

Tenant Board Members

The following members were tenants of Dumfries and Galloway Housing Partnership during the year and have/had tenancy agreements that are on the Company's normal terms and they cannot use their positions to their advantage.

Mr Michael Greaves-MacIntosh
Mr William Robertson – resigned 22 September 2022
Mr Hugh Martin – appointed 30 March 2022
Mr John McCraw

Transactions entered into with members, and rent arrear balances outstanding at 31 March 2022 are as follows:

	2022 **£'000**
Rent charged during the year	11
Arrear balances outstanding at 31 March 2022	-

The Group participated in the Dumfries and Galloway Council Pension Fund up until 28 February 2022, which is a related party per FRS102, section 33. The transactions and balances at the year end are disclosed in note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

25. Cash flow analysis

Cash flow from operating activities – Group	**2022**	**2021**
	£'000	**£'000**
Surplus for the year	14,699	12,572
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	10,685	10,251
(Increase)/ decrease in trade and other debtors	(5,877)	1,358
Increase in trade and other creditors	8,228	412
Decrease/ (Increase) in stock	719	(1,142)
Pension costs less contributions payable	1,223	605
Adjustments for investing or financing activities:		
Government grants utilised in the year	(4,359)	(1,055)
Interest payable	6,164	6,161
Interest received	(78)	(138)
Amortisation of loan	(52)	(52)
Gain on investment activities	(1,321)	(3,064)
Decrease / (increase) in valuation of office property	186	(7)
Loss on component disposals	1,068	180
Gain on transfer of pension obligations	(3,142)	-
Net cash inflow from operating activities	**28,143**	**26,081**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

25. Cash flow from operating activities – Company

	2022	**2021**
	£'000	**£'000**
Surplus for the year	14,510	12,429
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	10,682	10,249
Decrease/(increase) in trade and other debtors	(5,494)	1,296
Increase in trade and other creditors	7,224	1,837
Decrease/ (increase) in stock	719	(1,159)
Pension costs less contributions payable	1,223	605
Adjustments for investing or financing activities:		
Government grants utilised in the year	(4,359)	(1,055)
Interest payable	6,147	6,161
Interest received	(78)	(138)
Amortisation of loan	(52)	(52)
Gain on investment activities	(1,321)	(2,974)
Decrease / (increase) in valuation of office property	186	(7)
Loss on component disposals	1,068	180
Gain on transfer of pension obligations	(3,142)	-
Net cash inflow from operating activities	**27,313**	**27,372**

26. Ultimate parent organisation

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

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

SUPPLEMENTARY INFORMATION

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