Wheatley Homes Glasgow

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2022

Wheatley Homes Glasgow Limited

(formerly Glasgow Housing Association Limited)

(Co-operative and Community Benefit Society No. 2572RS)
(Scottish Housing Regulator Registration No. 317)
(Scottish Charity No. SC034054)

DIRECTORS' REPORT

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

Principal Activities
The principal activities of the Association are the provision and management of affordable rented accommodation. From 1 April 2022, Glasgow Housing Association Limited has traded as Wheatley Homes Glasgow ("WH Glasgow") and remains Scotland's largest social landlord with over 40,000 affordable homes to let in Glasgow, firmly rooted in its local communities. It has a skilled, committed workforce of over 1,600 staff, who deliver sector-leading frontline services. The Association formally changed its name to Wheatley Homes Glasgow on 20 July 2022.

OPERATING REVIEW

This year saw the full remobilisation of our services after the unparalleled challenges caused by the pandemic.

At the start of 2021 our housing officers were back on their patches and visiting customers, and our environmental teams were continuing to keep communities clean and safe. Our capital investment programme resumed, as did non-essential internal investment work. We resumed a full repairs service in April 2021 and, throughout the year, focussed on addressed the repairs demand that had built up during the restrictions caused by the pandemic.

We built 248 new homes over the year, invested £58.8m in planned improvements and supported 276 people from our homes into work and training.

The economic impact of the pandemic continues to affect our customers, and we remained focussed to support people in financial hardship in our communities in every way we could. This was done in conjunction with the Wheatley Foundation, our charitable trust, and we were able to supported more than 5,700 Wheatley Homes H Glasgow customers over the year.

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 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, as well as the introduction of a new, enhanced Customer First Centre ("CFC"), freeing up housing officers to spend more time in communities as well as concentrating on vulnerable customers.

The CFC provides specialist support and 24/7 cover, with experienced housing professionals using everything from webchat and WhatsApp, as well as telephone and emails, to offer a "one-and-done" solutions to tenant service requests and inquiries.

Customers gave their overwhelming support for these new ways of working and our new ways of engaging in a tenant consultation this year.

It was an historic year for housing in Glasgow too. The successful transfer of Cube's housing stock in Glasgow City means we will be able to do much more together for communities and for the wider city, including building hundreds of additional new homes and millions more invested in existing homes, which would not have been possible had they remained separate.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

The transfer created a new organisation known as Wheatley Homes Glasgow as of 1 April 2022, with the name Glasgow Housing Association and the acronym "GHA" now part of the proud history of Scotland's largest city.

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

Here are the highlights of the year.

Building new homes
Wheatley Homes Glasgow built 248 homes over the year, 106 for social rent and 142 for mid-market rent.
Our completed homes included:

- 23 for social rent at Auchinlea Road, Easterhouse;
- 19 homes for social rent at Bellrock Street, Cranhill;
- 22 for social rent at Carnwadric Road/Hopeman Road;
- 42 homes for social rent at Kennishead Avenue;
- 32 homes for mid-market rent at Little Dovehill, Merchant City;
- 43 homes for mid-market rent at Hurlford Avenue, Garscadden;
- 37 for mid-market rent at Main Street, Baillieston; and
- 30 homes for mid-market at Sighthill.

Work is also well underway on 123 new homes in Calton Village, 26 at Damshot Crescent in Pollok, 27 further homes at Hurlford Avenue in Garscadden, 168 further homes at Sighthill, and 47 at Watson Street in the Merchant City.

Our new build developments were recognised with a number of awards in 2021/22. The conversion of a former stable block in Bell Street in the Merchant City was awarded the Saltire Medal for Housing Design, while it also won the Conservation and Climate Change Award at the Royal Incorporation of Architects in Scotland Awards as well as Renovation and Conversion of the year at the Herald Property Awards.

Investing in our homes
We delivered £58.8m of improvements to homes and communities over the year.
This included:

- £6.7m on new smoke and heat detector systems for more than 11,000 homes;
- £5.2m on new boilers and "Connected Response" installations to cut bills for tenants with electric heating;
- £2m on new kitchens, bathrooms and re-wiring for 520 homes;
- £2m on new windows for 513 homes;
- £4.8m on new and refurbished cladding for 1,200 homes;
- £1.6m on new lifts at our Townhead multi-storey blocks;
- £1m on improved bin stores and drying areas for 500 customers;
- £3.4m on internal common area improvements; and
- £2.5m on upgrading controlled entry systems and CCTV upgrades at multi-storey blocks.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Our repairs service
We resumed a full repairs and maintenance service at the end of April 2021 and worked through the backlog of repairs built up during the previous year of restricted services. Over the year, we completed over 154,000 reactive repairs.

Improving our neighbourhoods
We continued our work to create clean and safe neighbourhoods people are proud to live in. Our environmental teams resumed full service in May 2021 and over the year, they removed around 100 tonnes of bulk waste from our communities every week. Over 70 tonnes of furniture was diverted from landfill, upcycled and delivered to customers through our Home Comforts service.

We continued our partnership with environmental charity Keep Scotland Beautiful which sees our communities inspected and assessed to help improve standards. In 2021/22, over three-quarters of our neighbourhoods achieved the highest five-star rating, with the others working towards that target. Our environmental campaign at the end of 2021/22 helped us engage with partners and customers to improve Wheatley Homes Glasgow communities.

Wheatley's Community Improvement Partnership ("CIP") – a specialist team of seconded police and our own frontline staff – continued to work with our communities to tackle anti-social behaviour and crime. In Wyndford, in Glasgow, the CIP's work with partners and community groups led to a 28% reduction in anti-social behaviour reported by customers.

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 more than 500 home fire safety visits in Wheatley Group homes over the year, including almost 400 in Wheatley Homes Glasgow properties. We also carried out fire risk assessments in all our multi-storey blocks and 43 *Livingwell* complexes. Over the past two years, Wheatley has delivered 520 products including air fryers, fire retardant bedding and stove guard devices, to customers. 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. Over the year, we allocated 1,664 homes to homeless people, including 50 homes provided to Housing First, a multi-agency partnership to tackle rough sleeping and 25 tenancies 'flipped' to permanent homes for the homeless people living in them.

Supporting our customers
We are committed to 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. Funding has been set aside across a number of initiatives such as *Eatwell* and the provision of supermarket vouchers, *Think Yes*, and our *Helping Hand Fund*. The Wheatley Foundation has secured £750,000 of funding from Energy Saving Trust's Energy Redress Scheme which redistributes money from major energy suppliers and has allowed the Wheatley Fuel Advice team help vulnerable tenants with their bills.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

In addition to this, we will continue to provide support to customers, as we have done for a number of years, through our small patch sizes and personalised services. This means we can make quick and effective referrals for our tenants to our *Wheatley 360* wraparound services, including money, benefits and fuel advice, which offers vital support to customers and their families.

More than 30% of Wheatley Homes Glasgow customers are now on Universal Credit ("UC"), an increase of 5% from last year. Our Welfare Benefits Advisors supported 3,800 customers this year and helped them claim almost £7.3m in benefits and tax credits they were entitled to. Our fuel advisors also helped 2,900 customers save more than £335k on their bills this year.

We helped customers get online this year and encouraged them to engage with us through our digital channels and online self-service accounts. By the end of the financial year, more than 56% of customers had registered for an online account with us.

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 33,000 people used the Wheatley Homes Glasgow website every month, with almost 397,000 active users over the year. The number of followers on our social media channels this year was 22,695, an increase of 984 from the year before.

Working with Wheatley Foundation, we:

- created 361 opportunities for our customers to get into work or training, with 276 customers benefitting;
- supported 1,700 new tenants with household budgeting, running a home and settling into their community through *My Great Start*;
- helped 2,900 households put food on the table by distributing 4,500 emergency food vouchers through our *EatWell* service;
- provided essential household items to over 300 customers through our *Barony Support Fund* and *Emergency Response Fund*;
- gave over 700 households up-cycled furniture through our *Home Comforts* service;
- awarded 30 young people from our homes a bursary to go to university or college;
- provided 3,700 free books to 400 children under five in our homes through the Dolly Parton Imagination Library initiative;
- helped over 100 young people take part in the arts through our youth arts small grants project; and
- provided starter packs for more than 500 tenants who need support moving into their home.

Independent auditor

A resolution for the re-appointment of KPMG LLP as auditor is to be proposed at the forthcoming Annual General Meeting.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

Wheatley Homes Glasgow generated an operating surplus of £61.2m (2021: £29.9m) for the year. The increase in operating surplus of £31.3m is driven by amounts reported in other gains and losses, for valuation movements on mid-market and commercial properties.

- a downward movement of £11.8m (2021: £12.1m) on the revaluation of mid-market and commercial rental properties. A downward valuation movement is reported on newly completed mid-market rent units on first valuation following completion. FRS 102 requires the associated grant income on these new completions to be recognised through profit or loss under the performance model and when the valuation is compared against gross development cost, this results in a non-cash accounting loss of £11.8m being reported in operating surplus

Also reported in other gains and losses this year are one-off items for:

- an actuarial loss on the transfer of pension scheme assets and obligations from Dumfries and Galloway Council Pension Fund of £3.0m (2021: £nil). This relates to different assumptions being used to value pension assets and obligations transferring in on 28 February 2022 compared to the value at the end of year with the movements requiring to be reported through operating surplus by FRS 102. The year-end movement in respect of pension schemes for the Strathclyde Pension Fund is reported through other comprehensive income and shows a gain of £63.7m

- a book gain on business combination following the transfer of the Cube properties in Glasgow and associated borrowings secured on the properties and other liabilities of £32.6m

Before taking account of other gains and losses, an operating surplus was generated from core operations of £43.3m (2021: £42.1m).

Turnover recognised in the Statement of Comprehensive Income in the year was £243.5m (2021: £216.6m). Of this total, 81% or £197.2m (2021: £180.9m and 84%) was generated through rental and service charge income, net of void losses. The remainder included:

- £22.0m of grant income recognised on the completion of new build properties and claims made during the pandemic under the UK Government Job Retention Scheme (2021: £25.1m)
- £.6.1m of investment property income from the letting of mid-market homes and commercial shop units (2021: £5.9m);
- £2.0m of income for support activities (2021: £1.6m);
- £0.8m of income in relation to improvements to homeowners' properties (2021: £0.3m)
- £10.4m (2021:nil) of development & construction of property activities income in relation to funds received for re-investment into the housing properties.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Operating costs for the year amounted to £200.1m (2021: £174.7m). The main items of expenditure were as follows:

- Letting activity management costs of £49.9m (2021: £50.1m)
- Planned repair and reactive maintenance costs of £22.1m and £36.1m respectively (2021: £13.9m and £28.9m)
- Total depreciation costs of £71.8m (2021: £58.0m) which included a one off charge of £5.3m to align the useful lives of assets within fixtures and fittings and IT equipment
- Restructuring costs of £3.3m (2021: £10.0m)
- Costs associated with our wider role in supporting communities of £4.1m (2021: £5.2m)

Net interest costs in the year of £44.8m (2021: £68.2m) are £23.4m lower than the prior year. The prior year figure included a share of a one-off loan restructuring fee which was incurred in moving some legacy fixed rate loan arrangements to lower floating rates.

A movement in the fair value of financial instruments of £11.7m (2021: £2.2m) reports the non-cash accounting adjustment on:

- the contingent efficiencies grant of £4.2m (2021: £2.2m) reported within creditors falling due after more than one year. This adjusts the creditor outstanding to amortised cost and is in line with the accounting policy on financial instruments in note 1.
- a fair value adjustment of £7.4m (2021: £nil) on the intra-group loan to Lowther representing the adjustment to the carrying value of the portion of the loan recognised as equity (note 17) and the unsecured subordinated loan element (note 18) arising from the extension of the term to 2043.

After taking account of core trading, other gains and losses, net finance charges and non-cash fair value movement on financial instruments, Wheatley Homes Glasgow generated a surplus of £5.0m for the year (2021: deficit of £38.9m).

Cashflows

The cash flow statement of the Association is shown on page 21. Wheatley Homes Glasgow generated £114.8m from operating activities (2021: £94.0m), an increase of £20.8m when compared to prior year, associated with a decrease in trade and other debtors and an increase in trade payables falling due within one year. Cash generated from operating activities, as well as additional borrowing drawn in the year, was re-invested into improving our existing housing stock and constructing of new housing stock. Cash and cash equivalents in the year decreased by £8.9m (2021: increased by £2.9m).

Liquidity

The Association reported net current liabilities as at 31 March 2022 of £65.9m (2021: net current liabilities: £24.4m). The movement in the year has been driven by the delivery the remaining repairs and investment works falling under the Development Agreement in and a movement in intra group balances owing to and from Wheatley Homes Glasgow.

Within net current liabilities net rent arrears were £12.0m (2021: £9.4m), after taking account of the bad debt provision of £6.8m (2021: £5.6m). The value of rent arrears reported at the financial year end varies depending on the timing gap between the end of the four-weekly rental billing period and the year end date. The rent arrears reported at 31 March can include technical arrears for amounts due which are associated with the timing of direct payment for housing benefit. At the rent billing period end in March, rent arrears were 5.16% compared to 4.78% at the comparable rent period end in 2021.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Borrowings due after more than one year have increased to £935.8m from £858.9m following the transfer of debt from Cube Housing Association of £58.6m and the Association's investment of £97.2m in its existing properties and new build programme. Cash balances are managed at an appropriate level through the Group funding subsidiary Wheatley Funding No 1 Limited to match the needs of the business and the cost of borrowing.

Capital structure and treasury
The Association's activities are funded on the basis of a business plan which is updated annually. The main elements of our long-term funding are syndicated bank facilities and bond funding provided through Wheatley Funding No. 1 Limited ("WFL1"), a related entity, as detailed in note 20. The Association has access to an intra-group facility of £1,036.9m which is secured on its housing stock (2021: £925.0m). Interest rate risk is managed at a group level by WFL1.

Investment in tenants' homes
During the year we invested £58.8m in improving tenant's homes (2021: £29.9m). At the year-end our housing stock (including housing under construction) was valued at £1,517.4m (2021: £1,442.7m).

New Build
During the financial year we completed 248 new build properties across 6 developments. Our new build programme invested £38.5m in the year. The Business Plan includes a further projected spend of £126.6m on the new build programme over the next five years.

Pensions
Wheatley Homes Glasgow has defined benefit ("DB") pension arrangements with Strathclyde Pension Fund ("SPF") The assets and liabilities in Dumfries and Galloway Council Pension Fund were transferred to SPF on 28 February 2022. The financial statements have been updated to reflect the results of the actuarial valuation at 31 March 2022 and show a DB pension asset of £58.2m compared to an asset of £5.8m reported in the prior year. The increase in the net asset of £52.4m is driven by improvements across both schemes from:

- Higher investment returns than expected in last year's valuation with the actual discount rate being higher than predicted
- Growth in the actual 2020/21 discount rate at a level greater than CPI has also reduced the estimate of future obligations
- Revision of longevity assumptions downwards has produced a small reduction in obligations. No specific change in longevity has been in this year's valuation in respect of pandemic as clear data is not yet available to make any assessment.

Reserves Policy
Under the Statement of Recommended (Accounting) Practice ("SORP") 2014 and Financial Reporting Standard ("FRS") 102, the Association operates with 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
- support received from the Scottish Government as part of establishing the viability of the Association's business plan under the original stock transfer arrangements

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

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 Association's Statement of Financial Position. The Association 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 Association'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 Association's charitable purpose.

The revenue reserve includes revaluation gains on investment properties, including the Association's portfolio of commercial properties and its ownership of mid-market rent homes which are leased to and managed by Lowther Homes. Under FRS 102, gains or losses on investment properties must be taken to profit and loss, and therefore form part of the general revenue reserve. These gains are not available to be realised in cash, since selling the Association's interest in mid-market rent properties would trigger grant clawback and would run counter to the Association's core charitable objective of supporting the provision of a range of affordable housing solutions to be provided for its customers.

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

Revaluation reserve

The revaluation reserve represents the increase in valuation which has occurred over and above the cost of additions to the Association's property (other than investment 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 Association's core charitable purpose.

Pension reserve

The pension reserve is not a cash reserve available for investment. It represents the amount by which the actuarial valuation of the Association's share of pension assets exceeds or is less than its notional pension liabilities. Under FRS 102, the reserve contained within the Statement of Financial Position assumes a continuing membership of the pension scheme. Withdrawing from the scheme in order to attempt to realise any surplus would involve liabilities being revalued onto an "exit" basis, with a significant additional premium attached to compensate the pension fund for the risk of reduced membership and inability to seek future contributions from the related members. Notwithstanding this issue, it is the Association's intention to continue membership of the Strathclyde Pension Fund on a long-term basis.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)
Principal risks facing the Association

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

By order of the Board

DocuSigned by:
Bernadette Hewitt
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Bernadette Hewitt, Chair
08 September 2022

Wheatley House
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DIRECTORS' REPORT (continued)

WHEATLEY HOMES GLASGOW BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2022 Wheatley Homes Glasgow's Rules allowed for the appointment of up to 12 Board members (including co-optees) as follows:

- Up to six tenant Board members
- Up to three Parent Appointees
- Up to one independent Board members
- Up to two council Board members

The Board could also co-opt members, subject to the maximum number of 12 Board members

At 31 March 2022 there were 9 members (2021: 11 members) of the Wheatley Homes Glasgow Board: 3 tenant members, 3 parent appointees, 2 council Board members, and 1 independent.

Each member of the Board holds one fully paid £1 share that is cancelled on cessation of membership. During 2020/21, 1 share was issued and 1 membership cancelled.

The members of the Board during the year are listed below:

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Bernadette Hewitt (Chair & tenant member)	30 May 2014	18 September 2020	-	Wheatley Housing Group Limited, Wheatley Solutions Limited, Group Audit Committee, Group Strategic Development Committee, Group Remuneration, Appointments, Appraisal and Governance Committee, Wheatley Enterprises Limited, City Building LLP.
Robert Granger Geddes (Tenant member)	24 September 2015	-	2 April 2021	-
Patrick Gray (Vice chair and parent appointee)	1 May 2017	-	-	Wheatley Housing Group Limited, Wheatley Foundation (Chair), City Building LLP.
Councillor Kenny McLean (Glasgow City Council appointee)	30 May 2014	1 June 2017	-	-
Councillor Frank McAveety (Glasgow City Council appointee)	20 June 2017	-	-	-

DIRECTORS' REPORT (continued)

WHEATLEY HOMES GLASGOW BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS (continued)

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Jo Armstrong (Parent appointee)	24 June 2015	-	17 September 2021	Wheatley Housing Group Limited (Chair), Group Audit Committee (resigned 29/09/21), Group Strategic Development Committee, Group Development Committee (resigned 29/09/21), Group Remuneration, Appointments, Appraisal and Governance Committee, Wheatley Funding No1 Limited (resigned 29/09/21), Wheatley Funding No2 Limited) (resigned 29/09/21), Wheatley Group Capital PLC (resigned 29/09/21).
Cathy McGrath (Tenant member)	21 September 2017	-	-	
Andrew Clark (Independent)	30 November 2018	13 September 2019	-	Group Development Committee, Wheatley Solutions Limited (Chair, appointed 29/9/21)
Jo Boaden (Totton) (Parent appointee)	17 June 2019	-	-	Wheatley Housing Group Limited (Non-Executive Director)
John Bannon (Tenant Member)	23 November 2020	-	30 August 2021	-
Lara Lasisi (Tenant Member)	1 December 2020	-	1 November 2021	-
Robert Keir (Tenant Member)	13 August 2021	-	-	-
Martin Kelso (Parent appointee)	23 February 2022	-	-	Group Audit Committee (Chair until 29/09/21), Group Strategic Development Committee, Group Remuneration, Appointments, Appraisal and Governance Committee, Wheatley Housing Group Limited, Wheatley Funding No. 1 Limited (Chair), Wheatley Funding No.2 Limited (Chair), Wheatley Group Capital plc (Chair).

DIRECTORS' REPORT (continued)

Creditor payment policy
Wheatley Homes Glasgow 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 audit information of which the Association'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 Association's auditor is aware of that information.

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

The Directors acknowledge their responsibility for ensuring that the Association 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 Association, or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition.

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

The key procedures which have been established are as follows:

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

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

DIRECTORS' REPORT (continued)

STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society and charity law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 association'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 it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the Registered Social Landlords Determination of Accounting Requirements 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

DocuSigned by:
Bernadatte Hewitt
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Bernadette Hewitt, Chair
08 September 2022

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOMES GLASGOW LIMITED

Opinion

We have audited the financial statements of Wheatley Homes Glasgow Limited, formerly Glasgow Housing Association ("the association") for the year ended 31st March 2022 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the association as at 31 March 2022 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with 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 report in accordance with regulations made under that Act.
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 association 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 association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").
In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period.
Our conclusions based on this work:

- we consider that the Board's 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 Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOMES GLASGOW LIMITED

Opinion (continued)

Our risk assessment procedures included:

- Enquiring of the Board, internal audit and management as to the association'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.
- Reading Board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, taking into our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk that entity management may be in a position to make inappropriate accounting entries. On this audit we do not believe that 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 Association-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 valuations and property valuations.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the board and other management (as required by auditing standards), and discussed with the directors 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.

The Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, charities legislation, community and co-operative benefit 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.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequence of non-compliance alone could have a material effect on amount or disclosure in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOMES GLASGOW LIMITED

Opinion (continued)

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 association's Board is responsible for the other information, which comprises the Directors' Report and the Statement on Internal Financial Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

We are required to report to you if:
- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on page 13 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

Matters on which we are required to report by exception
Under the Co-operative and Community Benefit Societies Act 2014 and the Charities (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:
- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities
As explained more fully in their statement set out on page 14, the association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOMES GLASGOW LIMITED

Opinion (continued)

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 association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014, section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association 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 auditor in terms of section 1212 of the Companies Act 2006
KPMG
319 St Vincent Street
Glasgow, G2 5AS

21 September 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Total 2022 £'000	Total 2021 £'000
Turnover	3	243,464	216,557
Operating expenditure	3	(200,123)	(174,488)
Other gains/(losses)	3	17,827	(12,147)
Operating surplus		61,168	29,922
Gain on disposal of fixed assets	10	9	56
Finance income	11	265	1,610
Finance charges	12	(44,755)	(68,222)
Movement in fair value of financial instruments		(11,687)	(2,222)
Surplus/(deficit) for the financial year		5,000	(38,856)
Unrealised (deficit)/surplus on the valuation of housing properties		(25,715)	52,767
Unrealised (deficit)/surplus on the valuation of other fixed assets		(3,896)	345
Actuarial gain/(loss) in respect of pension schemes		63,656	(2,360)
Total comprehensive income for the year		39,045	11,896

All amounts relate to continuing operations.

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

	Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2020	252,434	341,362	593,796
Total comprehensive income for the year	11,896	-	11,896
Transfer of reserves for the revaluation of housing properties	(52,767)	52,767	-
Transfer of reserves for the revaluation of other fixed assets	(345)	345	-
Balance at 31 March 2021	211,218	394,474	605,692
Total comprehensive income for the year	39,045	-	39,045
Transfer of reserves for the revaluation of housing properties	25,715	(25,715)	-
Transfer of reserves for the revaluation of other fixed assets	3,896	(3,896)	-
Balance at 31 March 2022	279,874	364,863	644,737

The notes on pages 22 to 49 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2022

	Notes	**2022 £'000**	**2021 £'000**
Fixed assets			
Social housing properties	15	1,517,418	1,442,733
Other tangible fixed assets	16	54,235	46,823
Investment properties	17	61,171	46,167
Investments - other	17	12,073	8,387
		1,644,897	1,544,110
Pension asset	23	58,166	5,842
Current assets			
Trade and other debtors	18	47,599	68,666
Cash and cash equivalents		-	6,651
		47,599	75,317
Creditors: amounts falling due within one year	19	(113,528)	(99,681)
Net current liabilities		(65,929)	(24,364)
Total assets less current liabilities		1,637,134	1,525,588
Creditors: amounts falling due after more than one year	20	(990,248)	(905,842)
		646,886	619,746
Provisions for liabilities			
Other provisions	21	(2,149)	(14,054)
Total net assets		644,737	605,692
Reserves			
Share capital	22		
Revenue reserve including pension reserve		279,874	211,218
Revaluation reserve		364,863	394,474
Total reserves		644,737	605,692

These financial statements were approved by the Board on 12 August 2022 and signed on its behalf on 08 September 2022 by:

DocuSigned by: 229EA33D0EA549D...	DocuSigned by: 1116C28638AA422...	DocuSigned by: 00911D88B8DB4CF...
Bernadette Hewitt	Paddy Gray	Anthony Allison
Chair	Director	Secretary

The notes on pages 22 to 49 form part of these financial statements.

Charity registration number SC034054.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £000	2021 £000
Net cash generated from operating activities	25	114,835	94,017
Cash flow from investing activities			
Improvement of properties – housing stock	15	(58,816)	(29,888)
Construction of new properties	15	(37,738)	(33,001)
Purchase of other fixed assets	16	(19,212)	(5,521)
Improvement of properties - commercial	17	(342)	
Proceeds from disposal of properties	10	164	203
Grants received	20	17,567	12,873
Finance income		-	-
		(98,377)	(55,334)
Cash flow from financing activities			
Finance charges		(42,801)	(43,828)
Financing draw down		17,406	8,000
		(25,395)	(35,828)
Net change in cash and cash equivalents		(8,937)	2,855
Cash and cash equivalents at beginning of the year		6,651	3,796
Cash and cash equivalents at end of the year		(2,286)	6,651
Cash and cash equivalents at 31 March			
Cash		(2,286)	6,651
		(2,286)	6,651

The notes on pages 22 to 49 form part of these financial statements

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

1. Legal status

Wheatley Homes Glasgow Limited ("WH Glasgow" or "the Association") is a wholly owned subsidiary of The Wheatley Housing Group ("WHG"). The Association is registered under the Co-operative and Community Benefit Societies Act 2014 No.2572RS and is a registered Scottish charity No.SC034054. Wheatley Homes Glasgow is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principle activity of the Association is the provision of social housing.

The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

Wheatley Homes Glasgow 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.

Basis of accounting
The financial statements of the Association 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 Group and Association 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 in recognition of the ongoing Covid-19 pandemic including severe but plausible downsides. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The Board, after reviewing the Group and Association budgets for 2022/23 and the Group and Association'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 Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions have been increased to allow for customer difficulties in making payments and budget and business plan scenarios have been updated to take account of potential future changes in rent increases;

- The property market – budget and business plan scenarios have taken account of delays, remobilisation planning and reprofiled new build handovers.

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

2. Accounting policies (continued)

- Maintenance costs – budget and business plan scenarios have been modelled to take account of a revised profile of repairs and maintenance expenditure, with major works being rephased into future years;
- Development activity – forecast development expenditure has been modelled to take account of potential revised investment profiles;
- Liquidity –access to undrawn loan facilities arranged through WFL1 of £250.7m, which are available to Wheatley Homes Glasgow and other Group RSLs, gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group and Association's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

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

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

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

Accounting judgements and estimations
Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

Judgements have been made in:
- Determining the appropriate discount rates used in the valuation of housing and investment properties;
- Component accounting and the assessment of useful lives;
- The assessment of the fair value of financial instruments;
- Determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds; and
- Allocation of share of assets and liabilities for multi-employer pension schemes. Judgments in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi-employer pension schemes and estimations performed by the Group's actuarial advisers.

Related party disclosures
The Association 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 Association has 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.

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

2. Accounting policies (continued)

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.

Grant income
Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, 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 grant is held as deferred income on the Statement of Financial Position. The Association 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.

Financial instruments
Loans provided by Wheatley Funding Number 1 Limited ("WFL1") 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.

Any movement in the value of financial instruments recognised in the Statement of Comprehensive Income relates to any in-year adjustments for changes in the value of payment arrangement in place with customers, and the Scottish Government loan.

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.

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

2. Accounting policies (continued)

Pensions
The Association participates in a defined benefit pension scheme arrangement with the Strathclyde Pension Fund ("the Fund"). The Fund is administered by Glasgow City 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 Association. The Association 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.

The Fund liabilities are 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 Association's share of the Fund surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the Fund surplus/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 Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

- **Valuation of Social Housing Stock**

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. Housing stock has been split into two streams of property for valuation purposes, namely housing retained for letting and demolition programme properties. This separation into categories is on the basis of the Association's 30-year Business Plan which identifies the core stock which will be the subject of the Association's investment expenditure going forward and the stock which forms part of the demolition programme, and consequently has limited investment expenditure attached to it.

The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that result in an 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.

Increases in the valuation of social housing properties are reported as other comprehensive income, accumulated in equity and reported as a revaluation reserve. Revaluation decreases reduce the accumulated gains and thereafter are recognised in profit or loss. Subsequent valuation gains are recognised in profit or loss to the extent they reverse a valuation decrease previously recognised in profit or loss.

On disposal, the value of the property is offset against the proceeds of sale and the gain or loss on disposal is taken to the Statement of Comprehensive Income.

- **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 the Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

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

2. Accounting policies (continued)

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 yrs
Community Infrastructure	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works & common areas	20 yrs
Kitchens	20 yrs
Mechanical, Electrical & Plumbing	25 yrs
Structure & roofs	50 yrs
Windows and doors	30 yrs

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.

- **Properties held for demolition**

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.

The Association'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.

- **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.

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

2. Accounting policies (continued)

Mid-market rent properties owned by the Association are currently leased to Lowther Homes Limited at the prevailing market rate. These properties are managed by Lowther Homes Limited.

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 agencies and local authorities and is utilised to reduce the capital costs of housing properties.

New Build Grant is recognised as income in the statement of comprehensive income when new build properties are completed or the capital work carried out under the performance model. New Build Grant due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the statement of comprehensive income within turnover. Grant received in respect of revenue expenditure is recognised as income in the 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 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 disclosed as a contingent liability.

Other tangible fixed assets

For other tangible fixed 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
Computer equipment (cost)	3 – 7 yrs
Community infra-structure (cost)	20 yrs
District heating scheme (cost)	30 yrs
Furniture, fittings and office equipment (cost)	5 yrs
Office premises (valuation)	40 yrs
Motor vehicles (cost)	4 yrs

Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are carried out at each reporting date.

Stock

Where WH Glasgow enters into development agreements in conjunction with third party housing associations and incurs the cost of the development, the contractual share of costs yet to be billed to the third party is recognised in stock. Stock is accounted for at the lower of cost or net realisable value.

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

2. Accounting policies (continued)

Leases
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Provisions
The Association 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 an outflow of resources.

Taxation
The Association is considered to pass the tests as set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Association is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 1992 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Value Added Tax
The Association is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on refurbishment works expenditure included in the development works agreement with Glasgow City Council is substantially recoverable. Expenditure on these works is shown net of VAT.

Development Agreement
The Association entered into agreements with Glasgow City Council whereby the undertaking of catch up repairs and improvement works remained with the City Council, with that obligation sub-contracted to WH Glasgow. This was shown on the Association's Statement of Financial Position as a debtor offset by a provision of an equal amount. As work progressed, both amounts were reduced by the appropriate amount. During the year to 31 March 2022, the final commitments under the development agreement were completed and the obligation was satisfied in full.

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

3. Particulars of turnover, operating costs and operating surplus

	Turnover	2022 Operating costs	Other gains/ (losses)	Operating surplus/ (deficit)	2021 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	219,233	(175,033)	-	44,200	54,101
Other activities (note 5)	24,231	(25,090)	-	(859)	(12,032)
Valuation movement on investment properties (note 17)			(11,769)	(11,769)	(12,147)
Actuarial movement on transfer of pension scheme obligations (note 9)	-	-	(2,999)	(2,999)	-
Gain on business combination (note 9)	-	-	32,595	32,595	-
Total	243,464	(200,123)	17,827	61,168	29,922
Total for previous reporting period	216,557	(174,488)	(12,147)	29,922	

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

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

	2022				2021
	General Needs £'000	**Supported Housing £'000**	**Shared Ownership £'000**	**Total £'000**	**Total £'000**
Rent receivable net of service charges	193,232	4,068	52	197,352	181,494
Service charges	1,823	38	-	1,861	1,446
Gross income from rents and service charges	195,055	4,106	52	199,213	182,940
Less rent losses from voids	(1,969)	(41)	(1)	(2,011)	(1,991)
Net income from rents and service charges	193,086	4,065	51	197,202	180,949
Grants released from deferred income – new build	20,923	440	6	21,369	18,871
Other revenue grants	648	14	-	662	6,207
Total turnover from affordable letting activities	214,657	4,519	57	219,233	206,027
Management and maintenance administration costs	48,901	1,029	13	49,943	50,095
Service costs	4,299	91	1	4,391	3,541
Planned and cyclical maintenance including major repairs costs	21,658	456	6	22,120	13,922
Reactive maintenance costs	35,342	744	9	36,095	28,946
Bad debts – rents and service charges	2,214	47	1	2,262	1,744
Depreciation of affordable let properties	58,965	1,241	16	60,222	53,678
Operating costs for affordable letting activities	171,379	3,608	46	175,033	151,926
Operating surplus for affordable letting activities	43,278	911	11	44,200	54,101
Operating surplus for affordable letting activities for the previous reporting period	53,108	993	-	54,101	

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

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

	Grants from Scottish Ministers £'000	Other revenue £'000	Total turnover £'000	Total operating costs £'000	2022 Operating surplus /(deficit) £'000	2021 Operating surplus /(deficit) £'000
Wider role activities to support the community	-	-	-	(3,967)	(3,967)	(5,152)
Investment property activities	-	6,064	6,064	(601)	5,463	5,463
Support activities	-	1,970	1,970	(2,201)	(231)	(440)
Owners' improvement activities	-	817	817	(985)	(168)	86
Demolition activities	-	-	-	(370)	(370)	(183)
Other income	-	5,030	5,030	(2,084)	2,946	2,556
Depreciation – Non Social Housing*	-	-	-	(11,588)	(11,588)	(4,122)
Organisation Restructuring	-	-	-	(3,289)	(3,289)	(9,982)
Development & Construction of Property Activities	-	10,350	10,350	(5)	10,345	(258)
Total from other activities	-	24,231	24,231	(25,090)	(859)	(12,032)
Total from other activities for the previous reporting period	-	10,530	10,530	(22,562)	(12,032)	

*Depreciation of non social housing assets includes an additional one off charge of £5.3m to align useful lives on fixtures and fittings and IT assets

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

6. Board members' emoluments

Board members received £4,602 (2021: £25) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in the Association.

7. Key management emoluments

Key management personnel are employed by the Association and perform an executive management role across all subsidiaries in the Group. The total emoluments payable to Group key management personnel are disclosed in the Wheatley Housing Group consolidated financial statements. The Association 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)	658	593
During the periods the key management's emoluments (excluding pension contributions) fell within the following band distributions:		
More than £0 but no more than £10,000	1	-
More than £40,000 but not more than £50,000	-	1
More than £70,000 but not more than £80,000	-	2
More than £80,000 but not more than £90,000	1	2
More than £90,000 but not more than £100,000	2	-
More than £100,000 but not more than £110,000	1	-
More than £140,000 but not more than £150,000	-	1
More than £170,000 but not more than £180,000	1	-

There were six senior officers in post during the year ended 31 March 2022. 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 2022)	Group Director of Repairs and Assets

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

8. Employees

	2022 No.	2021 No.
The average total number of employees employed during the year was	1,676	1,678
The average monthly number of full time equivalent persons employed during the year was	1,643	1,640

All staff are employed by the Association with its costs being recharged to the other group companies where appropriate.

	2022 £'000	2021 £'000
Staff costs (for the above persons)		
Wages and salaries	45,073	46,578
Social security costs	5,490	5,357
Employer's pension costs	7,828	7,961
FRS 102 adjustment	8,363	5,646
	66,754	65,542

9. Other Gains/(Losses)

Actuarial loss on transfer of pension assets and obligations

As part of a pension restructure, the employment contracts of Dumfries & Galloway Housing Partnership ("DGHP") staff who were active members of Dumfries and Galloway Council Pension Fund were transferred to WH Glasgow 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. An actuarial loss of £2,999k resulted from the difference between the actuarial valuation at 28 February 2022 of the DGHP's assets and obligations transferred. Under FRS 102 Section 28 the movement is recognised in reporting operating surplus in the Statement of Comprehensive Income.

	2022 £'000	2021 £'000
Actuarial loss on transfer of pension assets and obligations	(2,999)	-
	(2,999)	-

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

9. Other Gains (continued)

Gain on business combination

Following the successful tenant ballot in 2020/21, the homes of Cube Housing Association within the Glasgow City local authority boundary transferred to Wheatley Homes Glasgow, along with all related asset and liabilities, on 28 April 2021.

	2022 £'000	2021 £'000
Gain on business combination	32,595	-
	32,595	-

The following amounts were transferred from Cube Housing Association

	2022 £000
Fixed assets – Social Housing Properties	87,681
Other fixed assets	4,165
Investment properties	1,700
Current assets	1,239
Current liabilities	(3,657)
Net current assets	(2,418)
Creditors: amounts due falling due in over one year	(58,533)
	32,595

10. Gain on disposal of fixed assets

This includes net income from the sale of three properties (2021: four properties) and any gain/(loss) on the disposal of fixed assets in the year.

		2022		2021
	£'000	£'000	£'000	£'000
	Properties	Other assets	Total	Properties
Proceeds from disposal of assets	136	28	164	259
Value of assets disposed	(143)	(12)	(155)	(203)
Gain on sale of fixed assets	(7)	16	9	56

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

11. Finance income

	2022 £'000	2021 £'000
Bank interest receivable on deposits in the year	-	1
Interest on intra group loans	236	1,345
Interest on pension scheme (note 23)	29	264
Total	265	1,610

12. Finance charges

	2022 £'000	2021 £'000
Interest on intra group loans	41,816	42,714
Loan restructuring fees	-	22,606
Other financing costs	2,939	2,902
Total	44,755	68,222

Other financing costs include commitment, non-utilisation fees, the amortisation of transaction costs of the Association's funding arrangements and the amortised interest on the contingent efficiencies loan.

13. Auditor's remuneration

	2022 £'000	2021 £'000
The remuneration of the auditor (excluding VAT) is as lows:		
Audit of these financial statements	60	51

14. Financial commitments

Capital commitments

All capital commitments of the Association were as follows:

	2022 £'000	2021 £'000
Expenditure contracted for, but not provided in the financial statements	53,901	102,955
Expenditure authorised by the Board, but not contracted	26,227	17,459
	80,128	120,414

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 Association, and private funding.

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

14. Financial commitments (continued)

Operating leases

At 31 March the Association had annual commitments under non-cancellable operating leases as follows:

	2022 £'000 Land and Buildings	2022 £'000 Other	2021 £'000 Land and Buildings	2021 £'000 Other
Operating leases that fall due:				
Within one year	307	132	244	66
In the second to fifth years inclusive	48	121	138	-
	355	253	382	66

Lease commitments under FRS 102 include the timing of the full payment due under contract.

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

15. Tangible fixed assets – Social Housing Properties

	Core Stock £'000	Shared Ownership £'000	Housing Under Construction £'000	Total £'000
Valuation				
At 1 April 2021	1,395,530	-	47,203	1,442,733
Additions	58,816	-	38,528	97,344
Disposals	(143)	-	-	(143)
Transfers	21,276	(75)	(45,932)	(24,731)
Transferred from Cube HA	87,497	599	-	88,096
Revaluation	(85,953)	72	-	(85,881)
At 31 March 2022	1,477,023	596	39,799	1,517,418
Accumulated Depreciation				
At 1 April 2021	-	-	-	-
Charge for year	59,743	9	-	59,752
Transferred from Cube HA	413	2	-	415
Revaluation	(60,156)	(11)		(60,167)
At 31 March 2022	-	-	-	-
Net Book Value - Valuation				
At 31 March 2022	1,477,023	596	39,799	1,517,418
At 31 March 2021	1,395,530	-	47,203	1,442,733
Net Book Value - Cost				
At 31 March 2022	1,633,506	314	39,799	1,673,619
At 31 March 2021	1,492,948	-	47,203	1,540,151

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Association at 31 March is shown below:

	2022	2021
Social Housing		
General needs	41,234	39,148
Supported housing	868	731
Shared ownership	11	-
Housing held for long-term letting	42,113	39,879
Housing approved / planned for demolition	613	121
Total Units	42,726	40,000

The housing valuation has been based on the number of houses held for social letting.

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

15. Tangible fixed assets – Social Housing Properties (continued)

Total expenditure on repairs and capital improvements in the year on existing properties was £117.0m (2021: £72.8m). Of this, repair costs of £58.2m (2021: £42.9m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £58.8m (2021: £29.9m) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £58.8m (2021: £29.9m) in the year include:

- £46.0m for component additions including:
  - £0.9m on bathrooms;
  - £6.4m on external wall finishes;
  - £8.2m on heating system boilers;
  - £6.8m on internal works and common areas;
  - £1.4m on kitchens;
  - £7.1m on mechanical, electrical and plumbing;
  - £9.9m on structure and roofs; and
  - £5.3m on windows and doors.

- The remaining balance of £12.8m of additions to existing properties not associated with a specific component includes £10.2m on void improvements and £2.6m of medical adaptations.

Additions to housing under construction include capitalised interest costs of £0.8m (2021: £0.7m). Interest has been capitalised at the weighted average interest cost for the Association of 4.08% ((2021: 4.60%).

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Association's demolition programme, as detailed in the Association's 30-year Business Plan for 2022/23. The demolition programme identifies 613 (2021: 121) 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 £1,477.6m. Housing under construction, with a NBV of £39.8m, is not included within this total.

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RCIS at 31 March 2022 on an Existing Use Valuation for Social Housing ("EUV-SH"). 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 (2021/22). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

During 2021/22 three shared ownership properties were disposed of to tenants at a value of £136k (2021: four properties £259k).

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

16. Other tangible fixed assets

	Community infra-structure £'000	District heating £'000	Office premises £'000	Furniture, fittings & equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation						
At 1 April 2021	12,056	5,192	11,335	28,429	45,246	102,258
Additions	3,150	311	7,117	588	8,046	19,212
Disposals	-	-	-	(35)	-	(35)
Transferred from Cube HA	1,587	5,732	-	858	-	8,177
Revaluation	-	-	(4,366)	-	-	(4,366)
At 31 March 2022	16,793	11,235	14,086	29,840	53,292	125,246
Accumulated Depreciation						
At 1 April 2021	2,132	424	-	23,498	29,381	55,435
Charge for year*	683	178	470	3,531	7,196	12,058
Disposals	-	-	-	(24)	-	(24)
Transferred from Cube HA	201	3,348	-	463	-	4,012
Revaluation	-	-	(470)	-	-	(470)
At 31 March 2022	3,016	3,950	-	27,468	36,577	71,011
Net Book Value						
At 31 March 2022	13,777	7,285	14,086	2,372	16,715	54,235
At 31 March 2021	9,924	4,768	11,335	4,931	15,865	46,823

*Depreciation includes an additional one off charge of £5.3m to align useful lives on fixtures and fittings and computer equipment

Office premises were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2022 in accordance with the appraisal and valuation manual of the RICS.

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

17. Investments

Investment Properties

	Properties held for market rent £'000	Commercial Properties £'000	Total £'000
Valuation			
At 1 April 2021	35,200	10,967	46,167
Additions	-	342	342
Transfers	24,731	-	24,731
Transferred from Cube HA	1,700	-	1,700
Revaluation taken to operating surplus	(11,777)	8	(11,769)
At 31 March 2022	49,854	11,317	61,171
Net Book Value			
At 31 March 2022	49,854	11,317	61,171
At 31 March 2021	35,200	10,967	46,167

Market rent properties were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, Jones Lang LaSalle, on 31 March 2022. During the year 27 properties were transferred from Cube Housing Association.

The number of properties held for market rent by the Association at 31 March was:

	2022	2021
Mid-Market Rent Properties		
Total Units	720	551

Commercial properties were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2022 in accordance with the appraisal and valuation manual of the RICS.

Investments - other

Due after more than one year:

	2022 £'000	2021 £'000
Unsecured subordinated convertible loan due from Lowther Homes Limited	12,073	8,387

WH Glasgow has an unsecured subordinated convertible loan with Lowther Homes Limited, a related group company. FRS 102 requires that the principal amount and interest payments be fair valued and shown as debt on the balance sheet (note 18). The difference between this and the principal amount of the instrument should be recognised as the fair value of equity component.

The term of the loan has been extended from November 2022 to November 2043 and a corresponding fair value adjustment has been made to the equity and debt component of the loan in recognition of the extension.

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

18. Debtors

	2022 £'000	2021 £'000
Due in more than one year:		
Development agreement (note 2)	-	12,201
Due from other group companies	18,163	29,075
	18,163	41,276
Due within one year:		
Arrears of rent and service charges	18,769	14,950
Adjustment to discount arrears balances with payment plans to NPV	(114)	(74)
Less: provision for bad and doubtful debts	(6,657)	(5,485)
	11,998	9,391
Prepayments and accrued income	2,328	5,588
Other debtors	9,360	2,244
Due from other group companies	5,750	10,167
Total	47,599	68,666

Included in debtors is a balance of £nil (2021: £12.2m) in respect of the expected cost of the development work that Glasgow City Council has committed to undertake in order to refurbish the housing stock transferred to the Association. The Council had sub-contracted Wheatley Homes Glasgow to carry out the programme of catch-up repairs to the residential accommodation as part of a development agreement. This balance related to the identical provision in the accounts for this expenditure (note 21). As work progressed, both amounts were reduced by the appropriate amount and were fully utilised at March 2022.

The balance due from other group companies in more than one year relates to the unsecured subordinated convertible loan with Lowther Homes Limited. This debt was issued in November 2014 and is due to mature in 2043. Interest on this instrument has been charged at 5.67% in the year (2021: 5.50%).

The Wheatley Foundation has agreed to deliver certain charitable community programmes on the Glasgow Housing Association's behalf. Under this arrangement, these programmes were funded in part during the year by Wheatley Homes Glasgow agreeing that the interest receipt due from Lowther Homes Limited would be paid directly to the Wheatley Foundation on its behalf.

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

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

19. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Bank overdraft	2,286	-
Trade creditors	1,589	3,523
Accruals	36,016	26,862
Deferred income (note 20)	21,612	28,854
Rent and service charges received in advance	10,591	7,778
Salaries, wages, other taxation and social security	2,041	2,068
Other creditors	9,032	6,386
Due to other group companies	30,361	24,210
Total	113,528	99,681

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

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

	2022 £'000	2021 £'000
Scottish Government contingent efficiencies grant	46,764	40,704
Deferred income	7,696	6,200
Amount due to group company	935,788	858,938
Total	990,248	905,842

Scottish Government contingent efficiencies grant

The Scottish Government made available to Wheatley Homes Glasgow £100.0m of contingent efficiencies grant over an eight-year period. Under this agreement £100.0m (2021: £100.0m) has been received which is an interest free loan with repayment due in 2040/41. The amount due of £46.8m at 31 March 2022 (2021: £40.7m) is the measurement of the liability after discounting for an equivalent interest bearing arrangement with the same repayment date. This treatment is consistent with FRS 102 which requires financial instruments to be measured at amortised cost. The movement in the balance in the year relates to:

- interest costs £1.9m (2021: £1.8m)
- fair value movement loss of £4.2m (2021: loss of £2.2m)

Interest costs are reported within finance charges (note 12). The movement in the fair value is reported on the face of the Statement of Comprehensive Income.

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

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

Bank lending facility

Borrowing arrangements are in place via a Group facility consisting of bank and capital markets debt, secured on charged properties belonging to each of the RSLs within the Wheatley Housing Group. This facility was made up of a committed facility of £648.2m from a syndicate of commercial banks, two committed facilities totalling £274.5m from the European Investment Bank, £300.0m raised through the issue of a public bond, £150.0m private placement loan notes with BlackRock Real Assets and £100.0m facility with HSBC. This provided total facilities of £1,472.7m for RSLs within the Wheatley Group to develop new housing.

This facility is provided through Wheatley Funding No. 1 Ltd, a wholly owned subsidiary of the Wheatley Housing Group Limited, with WH Glasgow having access to an intra-group facility of £949.0m, secured on its housing stock. Interest in the year has been charged at 4.15% (2021: 4.60%).

The Wheatley Homes Glasgow has secured a major portion of its housing stock (£1,435.4m) against this facility. At 31 March 2022, 8% (£123.2m) of WH Glasgow's housing properties remained unsecured.

Borrowings are repayable as follows:	2022	2021
	£'000	£'000
In less than one year	187	187
In more than one year but less than two years	-	-
In more than two years but less than five years	-	-
In more than five years	935,601	858,751
	935,788	858,938

Deferred income

The deferred income balance is made up as follows:

	New Build Grant £'000	Other £'000	Total Deferred Income £'000
Deferred income as at 1 April 2021	26,926	8,128	35,054
Additional income received	15,202	2,365	17,567
Released to the Statement of Comprehensive Income	(21,369)	(1,944)	(23,313)
Deferred income as at 31 March 2022	20,759	8,549	29,308

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 £'000**	**2021 £'000**
In less than one year (note 19)	21,612	28,854
In more than one year but less than five years	7,696	6,200
In more than five years	-	-
	29,308	35,054

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

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

Financial instruments	**2022 £'000**	**2021 £'000**
Financial assets:		
Measured at amortised cost:		
Debtors and accrued income	29,436	38,797
Measured at fair value:		
	18,163	
Due from other group companies		29,066
Total	47,599	67,863

	2022 £'000	**2021 £'000**
Financial liabilities:		
Measured at amortised cost:		
Creditors, accruals and deferred income	1,057,012	964,053
Measured at fair value:		
Scottish Government loan	46,764	40,704
Total	1,103,776	1,004,757

Income earned and expense payable on the financial assets and liabilities is disclosed in notes 11 and 12 respectively.

21. Provisions for liabilities and charges

	Development Agreement £'000	**Insurance £'000**	**Dilapidation Provision £'000**	**Total £'000**
At 1 April 2021	12,201	435	1,418	14,054
Created in the year			376	376
Utilised	(12,201)	-	(80)	(12,281)
At 31 March 2022	-	435	1,714	2,149

Development Agreement
The provision represents the best estimate of the costs of contracted works for the repair of managed properties in 2003 less the cost of repairs carried out since that date. This agreement is part of the development agreement and as work progresses the provision will be utilised when the work is actually undertaken.

Insurance
A provision is held in respect of the excess arising on all outstanding insurance claims.

Dilapidation Provision
This provision represents the estimated costs of dilapidation works required under lease contracts for office properties leased by WH Glasgow.

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

22. Share capital

	2022 £	2021 £
Shares of £1 each issued and fully paid		
At 1 April	12	12
Issued during year	-	2
Surrendered during year	(3)	(2)
At 31 March	9	12

Share capital does not carry any voting rights or rights to dividend payments.

23. Pensions

Strathclyde Pension Fund
The Wheatley Homes Glasgow participates in the Strathclyde Pension Fund which is administered by Glasgow City Council and is a defined benefit scheme. Strathclyde 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 Association with investments under the overall supervision of the Fund Trustees. The latest full actuarial valuation was carried out as at 31 March 2020.

In preparing the formal valuation at 31 March 2020 an allowance for full GMP indexation and an estimate of the impact of the McCloud judgement was also included based on eligibility criteria of members for inclusion in the agreed remedy. In preparing the annual valuation at 31 March 2021, the assumption used by the actuary for inflation and the correlation to the discount rate has been reassessed as a result of RPI reform announcements with long-term "wedge" between RPI and CPI reduced compared to the prior year.

Wheatley Housing Group Defined Contribution Scheme
The Wheatley Group also operates a defined contribution scheme through Salvus Master Trust. These arrangements are open to all employees of WH Glasgow who are not members of the Strathclyde Pension Fund.

Defined Benefit assets and obligations
The assumptions that have the most significant effect on the results of the valuation 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 yearend were as follows:

	31 March 2022	31 March 2021
Discount rate	2.70%	2.05%
Future salary increases	2.20%	*1.85%
Inflation	3.20%	2.80%

*Salary increases are assumed to be 3.50% for 2022, 2.50% for 2023 and 2.00% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2022, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity.

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

23. Pensions (continued)

The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 19.6 years (male) (2021 19.8 years), 22.4 years (female) (2021 22.6 years).
- Future retiree upon reaching 65: 21.0years (male) (2021 21.2 years), 24.5 years (female) (2021 24.7 years).

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

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

Movements in present value of defined benefit obligation

	2022 **£'000**	**2021** **£'000**
Opening defined benefit obligation	**552,988**	**436,249**
Service cost	18,119	14,617
Interest cost	11,465	10,761
Actuarial (gains)/ losses	(31,516)	99,411
Contributions by members	2,286	2,658
Estimated benefits paid	(11,143)	(10,708)
Effect of business combination and disposals	24,380	-
Closing defined benefit obligation	**566,579**	**552,988**

Movements in fair value of plan assets

	2022 **£'000**	**2021** **£'000**
Opening fair value of plan assets	**558,831**	**449,834**
Expected return on plan assets	11,494	11,025
Actuarial gains	32,140	97,051
Contributions by the employer	9,756	8,971
Contributions by the members	2,286	2,658
Estimated benefits paid	(11,143)	(10,708)
Effect of business combination and disposals	21,381	-
Closing fair value of plan assets	**624,745**	**558,831**

	2022 **£'000**	**2021** **£'000**
Present value of funded defined benefit obligations	(565,432)	(552,599)
Present value of unfunded defined benefit obligations	(1,147)	(390)
Fair value of plan assets	624,745	558,831
Net asset	**58,166**	**5,842**

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

23. Pensions (continued)

Expense recognised in the statement of comprehensive income

	2022 £'000	2021 £'000
Current service cost	16,218	12,873
Past service cost	1,901	1,744
Net interest on net defined benefit obligation (note 11)	(29)	(264)
	18,090	14,353

The total amount recognised in the statement of comprehensive income in respective of actuarial gains and losses is £63,662k gain (2021: £2,360 loss).

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

	2022 £'000	2021 £'000
Equities	381,094	368,828
Corporate bonds	162,434	128,531
Property	68,722	50,295
Cash	12,495	11,177
	624,745	558,831
Actual return on plan assets	48,105	108,076

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

24. Related party transactions

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

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

Tenant and factored homeowners Board Members

The following members who were in office during the year are tenants or factored homeowners of the Association and have tenancies or factoring agreements that are on the Association's normal terms and they cannot use their positions to their advantage.

Bernadette Hewitt	
Robert Granger Geddes	to 2 April 2021
Cathy McGrath	
John Bannon	to 30 August 2021
Lara Lasisi	to 1 November 2021
Robert Keir	from 13 August 2021

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

	2022 £'000
Rent charged during the year	19
Arrears balances outstanding at 31 March 2022	-

Other related parties

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

	Invoiced/paid in the year £'000	Year end balance £'000
2022		
Bernadette Hewitt - Transforming Communities Glasgow	-	-
Bernadette Hewitt - Barmulloch Community Development	-	-
Strathclyde Pension Fund	4,337	(162)

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

During the year WH Glasgow held nomination rights to a directorship of Transforming Communities: Glasgow ("TC:G"). Bernadette Hewitt serves as a WH Glasgow nominated director on the board of TC:G.

During the year WH Glasgow held nomination rights to a directorship of Scotcash CIC. These rights allow WH Glasgow to nominate up to two directors to the board of Scotcash with Steven Henderson and David Rockliff serving on the board during the year.

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

25. Cash Flow Analysis

Cash flow from operating activities	**2022 £'000**	**2021 £'000**
Surplus/(Deficit) for the year	5,000	(38,856)
Less gain on business combination	(32,595)	-
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	71,810	57,786
Decrease in trade and other debtors	10,777	1,456
Increase in trade and other creditors	15,762	6,291
(Decrease)/Increase in provisions	(11,905)	758
Pension costs less contribution payments	8,363	5,646
Adjustments for investing or financing activities:		
Proceeds from the sale of tangible fixed assets	(9)	-
Government grants utilised in the year	(23,313)	(20,045)
Interest paid	44,755	68,222
Interest received	(265)	(1,610)
Movement in fair value of financial instruments	11,687	2,222
Loss on investment activities	11,769	12,147
Loss on the transfer of pension assets and obligations	2,999	-
Net cash inflow from operating activities	**114,835**	**94,017**

26. Ultimate parent organisation

The Association is a 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 association 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.

25. Post balance sheet event

With effect from 20 July 2022, The Glasgow Housing Association Limited changed its legal entity name to Wheatley Homes Glasgow Limited having traded under the name of Wheatley Homes Glasgow since 1 April 2022.

SUPPLEMENTARY INFORMATION

Secretary and Registered Office

Anthony Allison
Glasgow Housing Association Limited
Wheatley House
25 Cochrane Street
Glasgow G1 1HL

Independent auditor

KPMG LLP
319 St Vincent Street
Glasgow G2 5AS

Bankers

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