



# ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended

31 March 2020

**Wheatley Foundation Limited**

(Registered Company No. SC461602)

(Registered Charity No. SC046607)

## TRUSTEES' ANNUAL REPORT

The Directors present their annual report and the audited financial statements for the financial year ended 31 March 2020.

### Principal activities

Wheatley Foundation Limited ("Wheatley Foundation" or "the Charity") is a wholly owned subsidiary of the Wheatley Housing Group Limited ("Wheatley Group"). The Wheatley Housing Group Limited is a company limited by guarantee and registered in Scotland under the Companies Act (company registration number SC426094), having its registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL. It is registered with the Scottish Housing Regulator as a registered social landlord (number 363).

The principal office of the Charity is Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

The Directors serving during the year and since the year end are detailed on page 6.

The Wheatley Foundation's charitable aim is to support customers of Wheatley Group who are disadvantaged.

The charity uses donations from certain Wheatley Group subsidiaries and external funding to help our customers, many of them vulnerable, in five key areas of life: social exclusion and tackling poverty; employability; education; digital inclusion; and sports and art.

## STRATEGIC REPORT

Wheatley Foundation has supported almost 12,000 people this year, many of them facing real hardship.

Overall, we were successful in raising £1.4m of external funding. In total, the Foundation invested £5.3m in our projects during 2019/20.

In response to the Covid-19 outbreak, the Foundation re-focused its projects to support people in our communities. We expanded our *EatWell* programme to include all Wheatley Group customers and significantly increased the number of deliveries from 120 a week to over 1,000 per week.

The Foundation Response fund was re-cast as Emergency Response Fund to help with customers' urgent needs and help ease the effects of isolation. The Fund has helped us make one-off purchases for customers including household essentials, children activity packs, mobile phones, garden items and fuel top-ups.

This is the second year of *Wheatley Works* and we supported 692 people access various training and employment opportunities in 2019/20. This equated to 900 opportunities, including 441 training opportunities, 144 apprenticeships and 315 jobs.

Over 5,300 people were supported through our Poverty and Social Inclusion programmes, including *My Great Start* – a financial advice service for new tenants and for those needing extra support managing their tenancy and their finances, including support with Universal Credit claims.

Our *My Money* service supported over 800 people who were either in workless households, were lone parents or were experiencing in-work poverty. This year, we carried out an evaluation of *My Money*, and estimated that the project contributed around £5million of 'social value' (money management and debt reduction).

## **STRATEGIC REPORT (continued)**

Over 7,500 people got free online access via our Click & Connect computer learning centres, as well as access to formal IT training.

Our partnership with the Dolly Parton Imagination Library allowed us to send monthly books to 688 children this year. In total, 6,627 books were delivered throughout the year. We also supported 50 of our customers at university or college with an education bursary.

### **Customer comments this year:**

We know how positive an impact our programmes have had because of feedback from customers.

One student who received a bursary said: "Having the Wheatley bursary has taken away the stress and given me the freedom to focus on the important things, like studying and my placement."

A customer who received an *EatWell* food parcels said: "I've appreciated all your kindness and the people who deliver the food couldn't be any nicer."

Another customer praised the Emergency Response Fund, saying: "This will make a huge difference and will allow me to maintain her garden which I am very happy about."

*Wheatley Works* has made a huge difference, with one customer telling us: "I was a bit of a hermit when I was out of work but now I am really sociable and active again. My confidence is back and I can talk to people. Changing Lives really has changed my life."

You can read more about the Foundation's themes below.

### **Poverty and Social Inclusion**

In 2019/20, over 5,300 people facing hardship or financial difficulty were supported by our projects. *EatWell* supported 1,407 people in 2019/20 with weekly food deliveries. Towards the end of the year, the Foundation supported a huge expansion of *EatWell* to help our vulnerable customers who were affected by Covid-19.

*My Great Start* supported 1,899 new and existing customers throughout the year. Specifically, the project supports tenants who are finding it difficult to manage their finances and household budgets. Over the year, the project helped secure over £950k in financial gain for customers.

Our *Home Comforts* project delivered free, up-cycled furniture, electrical appliances and white goods to 672 customers.

In 2019/20, our Veterans' Service supported 42 ex-armed forces personnel adapt to civilian life by providing advice on benefits and housing. As a result of this service, 14 veterans moved from resettlement flats to permanent tenancies with our partners in Wheatley Group, Dunedin Canmore.

The Foundation Response Fund continued to support customers across the Group this year, with one-off purchases customers wouldn't have been able to access elsewhere. It was expanded to become the Emergency Response Fund in March to accommodate customers affected by Covid-19. There were 78 requests in 2019/20, with 33 (42%) of those requests in the last week of March.

## **STRATEGIC REPORT (continued)**

### **Employability**

*Wheatley Works* supported people living in our communities to access 900 employability opportunities. Wheatley Group customers secured 574 (64%) of the opportunities supported by *Wheatley Works*.

As part of this, Community Benefit clauses in Wheatley Group new-build and investment contracts helped us create 80 work experience placements, 17 foundation apprenticeships, 35 apprenticeships and 109 jobs.

A total of 48 young people joined Wheatley's own apprenticeship programme and 60 young people joined our partner City Building's apprenticeship programme.

### **Digital inclusion**

Our *Click & Connect* computer learning centres provided free online and internet access to 7,859 people this year. As well as internet access, customers are given support by centre staff and can enrol in free formal and informal courses. A total of 333 people took advantage of courses provided at the centres during 2019/20.

Our *Digital Skills for All* programme supported 230 customers in the east to learn basic technology and IT to help them find employment.

### **Education**

In 2019/20, 668 children living in Wheatley homes were registered with the Dolly Parton Imagination Library and received a free monthly book.

We carried out a survey this year of parents and guardians whose children were registered with the project. A total of 93% of parents surveyed said they were very satisfied with the Imagination Library, and 74% said their child was now a lot more interested in reading books. One customer told us: "We can't always afford to get her new books so she has loved receiving these lovely books and reads them almost daily."

A total of 50 Wheatley customers were supported to attend college or university with a Foundation Bursary. Of the people supported, 44% were lone parents, 82% were unemployed and 14% were care experienced.

### **Sports and Arts**

Our music therapy project *Forget Me Notes* is aimed at older people affected by Alzheimer's living in Dunedin Canmore sheltered complexes. A total of 54 residents took part in music sessions throughout the year.

A Foundation programme called Positive Change Through Sport is also delivered in the east. It is a health and wellbeing project for people who are homeless and living in Dunedin Harbour Hostel or resettlement flats. A total of 36 people were supported by this project in 2019/20.

## **STRATEGIC REPORT (continued)**

### **PLANS FOR THE FUTURE**

The Foundation will continue to build on its strong track record of securing external funding, with the aim to diversify the funding base as much as possible. This includes working alongside our strategic partners in the Scottish Government, and Local Authorities and independent charities and trusts, to deliver our shared goals of supporting vulnerable people.

## **DIRECTORS' REPORT**

### **Financial Overview**

Total income for the year was £5,269k by way of grants claimed for its charitable activities and from donations and gift aid payments from within Wheatley Group.

The charity invested a total of £4,894k during the year across a wide range of projects.

The Wheatley Foundation has funds carried forward of £1,156k as at 31 March 2020 which will be utilised to meet its charitable aims in future years.

### **Principal funding sources**

The charity's principle funding sources are from other Wheatley Group subsidiaries and grant awards from local authorities and the Scottish Government.

### **Directors**

Sir Harry Burns, the Foundation Chair, was appointed in April 2016. From 2005 until 2014, Sir Harry Burns served as Chief Medical Officer for Scotland, where his responsibilities included public health policy.

The Directors of the Charity who were in office during the financial year and up to the date of the financial statements were:

Sir Harry Burns

Eric Gibson

Sheila Gunn

Jean Albert Nietcho

Lorraine Smart - resigned 17 September 2019

Jean Fyfe - appointed 10 July 2019

Helen Howden - appointed 30 August 2019

### **Independent auditor**

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG as auditor is to be proposed.

### **Disclosure of information to auditor**

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

## **DIRECTORS' REPORT (continued)**

### **Basis of preparation**

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the Charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the financial reporting standard applicable in the UK and Republic of Ireland.

### **Governance**

The governing body of the charity is known as the Board and has spaces for up to five directors. It meets four to six times a year. The charity is governed by an Articles of Association under the Companies Act.

### **Management**

The Directors have delegated day to day management of Wheatley Foundation to Lorraine McLaren, Director of Wheatley Foundation.

### **Methods to appoint & recruit new charity directors**

The Wheatley Group has sole responsibility for appointing and recruiting new charity directors. The proposal to appoint new directors requires two board members to provide signed approval as outlined in the Articles of Association.

### **Reserves policy**

Decisions on whether to make a financial commitment to support Wheatley Foundation projects are made by formal sign off by Directors at Wheatley Foundation board meetings. As part of the approval process Directors only approve new projects that can be met from existing reserves.

### **Principal risks facing the Charity**

One of the key considerations for the Wheatley Foundation is to manage cashflow so that it does not find itself with a cash shortfall. This risk is mitigated through regular financial monitoring being provided to the Foundation Board so that the Board are made aware of available cash that can be committed before any decision is taken on whether to approve a new initiative that is looking to secure funding.

The competitive nature of the external funding environment could mean that the Foundation finds it difficult in securing money from external sources although this risk is mitigated by on-going dialogue with key partners so that the Board is aware of funding sources that the Charity can apply for funding from.

Selecting and delivering projects which deliver maximum benefit to communities across the Group is one of the main considerations for the Foundation. The formal approvals process put in place should help to ensure that the Foundation Board direct funding to achieve the maximum impact across our communities.

## DIRECTORS' REPORT (continued)

### Statement of Trustees' responsibilities in respect of the trustees' annual report and the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

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

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the trustees are required to:

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

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

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Sir Harry Burns

Director

11 September 2020

Wheatley House  
25 Cochrane Street  
Glasgow, G1 1HL



## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF WHEATLEY FOUNDATION LIMITED**

### **Opinion**

We have audited the financial statements of Wheatley Foundation Limited (“the charitable company”) for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Cash Flow Statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company’s affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Basis for opinion**

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

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company 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 trustees’ have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over 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”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees’ conclusions, we considered the inherent risks to the charitable company’s business model and analysed how those risks might affect the charitable company’s financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF WHEATLEY FOUNDATION LIMITED (continued)**

### **Other information**

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

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

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

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Trustees' responsibilities**

As explained more fully in their statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF WHEATLEY FOUNDATION LIMITED (continued)**

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

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



**Michael Wilkie (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

*KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*

KPMG LLP

319 St Vincent Street

Glasgow

G2 5AS

21 September 2020

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2020**

	<i>Note</i>	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>2020 Total £'000</b>	<b>2019 Total £'000</b>
<b>Incoming resources</b>					
Donations	4	4,012	3	4,015	3,446
Incoming resources from charitable activities	5	918	336	1,254	1,822
<b>Total incoming resources</b>		<b>4,930</b>	<b>339</b>	<b>5,269</b>	<b>5,268</b>
<b>Resources expended</b>					
Charitable activities	6	(4,486)	(403)	(4,889)	(5,656)
Governance costs	7	(5)	-	(5)	(5)
<b>Total resources expended</b>		<b>(4,491)</b>	<b>(403)</b>	<b>(4,894)</b>	<b>(5,661)</b>
<b>Net incoming/ (outgoing) resources before transfers and net income for the period</b>		<b>439</b>	<b>(64)</b>	<b>375</b>	<b>(393)</b>
Gross transfers between funds	11,12	(1)	1	-	-
<b>Net incoming resources for the period before other recognised gains</b>		<b>438</b>	<b>(63)</b>	<b>375</b>	<b>(393)</b>
<b>Net movement in funds</b>		<b>438</b>	<b>(63)</b>	<b>375</b>	<b>(393)</b>
<b>Fund balances brought forward at 1 April</b>		<b>718</b>	<b>63</b>	<b>781</b>	<b>1,174</b>
<b>Fund balances carried forward at 31 March</b>	11, 12	<b>1,156</b>	<b>-</b>	<b>1,156</b>	<b>781</b>

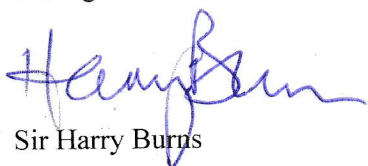
The Statement of Financial Activities includes all gains and losses in the year and there is no material difference between the incoming resources for the financial year stated above and their historical cost equivalents. All incoming resources and resources expended derive from continuing activities.

The notes on pages 15 to 22 form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	<i>Note</i>	2020 £'000	2019 £'000
<b>Current assets</b>			
Debtors	8	46	151
Cash and cash equivalents	9	3,104	2,784
<b>Total current assets</b>		3,150	2,935
 <b>Creditors:</b> amounts falling due within one year	10	(1,994)	(2,154)
 <b>Net current assets</b>		1,156	781
 <b>Total assets less current liabilities</b>		1,156	781
 <b>Net assets</b>		1,156	781
 <b>The funds of the charity</b>			
Unrestricted income funds	11	1,156	717
Restricted income funds	11	-	64
 <b>Total charity funds</b>		1,156	781

The financial statements were approved and authorised for issue by the directors on 17 August 2020 and signed on their behalf on 11 September 2020 by:



Sir Harry Burns

Trustee

The notes on pages 15 to 22 form part of these financial statements.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>		
Net incoming/ (outgoing) resources	375	(393)
Decrease in debtors	76	9
(Decrease)/increase in creditors	(46)	48
Decrease/(increase) in amount due from Group Companies	29	(59)
(Decrease)/increase in amount due to Group Companies	(114)	1,018
<b>Net cash inflow from operating activities</b>	<b>320</b>	<b>623</b>
<b>Increase in cash in the year</b>	<b>320</b>	<b>623</b>
<b>Reconciliation of net cashflow to movement in net funds</b>		
Increase in cash in the year	320	623
<b>Net funds at 1 April</b>	<b>2,784</b>	<b>2,161</b>
<b>Net funds at 31 March</b>	<b>3,104</b>	<b>2,784</b>

### Analysis of changes in net funds

	<b>Opening balance</b>	<b>Cashflows</b>	<b>Closing balance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	2,784	320	3,104
<b>Net funds</b>	<b>2,784</b>	<b>320</b>	<b>3,104</b>

The notes on pages 15 to 22 form part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

### **1. Accounting policies**

#### **Accounting convention**

The Wheatley Foundation Limited ("Wheatley Foundation" or "the charity") is a company limited by guarantee.

The principal accounting policies, which have been applied consistently throughout the year are set out below.

As the charity is a wholly owned subsidiary of the Wheatley Group it has taken advantage of the exemption contained in Financial Reporting Standard 102 and has therefore not disclosed transactions or balances with entities which form part of the group as related parties.

#### **Basis of preparation**

These financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2015), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Companies Act 2006, Financial Reporting Standard 102 (FRS 102) and applicable accounting standards in the United Kingdom.

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 charity prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2020 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. 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. Following the outbreak of Covid-19 the Group and charity have revised forecasts based on updated scenarios, including severe but plausible downsides.

The Board, after reviewing the Group and charity budgets for 2020/21 and the Group and charity'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 charity 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 in new build handovers;

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

### 1. Accounting policies (continued)

- Maintenance costs – budget and business plan scenarios have been modelled to take account revised profiles of repairs and maintenance expenditure, with major works being phased into future years;
- Development activity – forecast development expenditure has been modelled to take account of potential revised investment profiles;
- Liquidity – current available cash of £3.1m and other forecast cash flows over the going concern assessment period;
- The Group and charity'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 charity have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios. Specifically, Wheatley Foundation has limited financial commitments and manages these such that it does not commit to funding in advance of confirmed income from donations. It is therefore able to manage its cashflows as outlined in the Directors' report on pages 6 to 8.

Consequently, the Board is confident that the Group and charity 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.

#### **Incoming resources**

##### *Basis for recognition of income resources*

Income from charitable activities and other income are recognised when there is entitlement, certainty or receipt and the amount can be measured with sufficient reliability.

##### *Income for charitable activities*

The charity receives income from grant funding which are included in income from charitable activities. These types of income are subject to specific performance conditions and entitlement is earned as the related services are provided. Income is deferred where performance conditions have not been met.

##### *Donations*

The charity receives donations and gift aid payments from Wheatley Group subsidiaries to be allocated to activities in line with the charity's aims.

#### **Resources expended**

Resources are expended in the period to which they relate and when a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

### **1. Accounting policies (continued)**

#### **Activity based reporting**

The Directors are of the opinion that the charity has a single activity and there is no requirement to provide further analysis within the notes to the financial statements.

#### **Taxation**

As a charity, Wheatley Foundation is exempt from corporation tax on its charitable activities by virtue of Section 505(1) Income & Corporation Taxes Act 1988 and from capital gains tax by virtue of Section 145 Capital Gains Tax Act 1979.

#### **Value Added Tax**

Wheatley Foundation is registered for VAT as part of Wheatley Housing Group's VAT group. Its income is exempt for VAT purposes, giving rise to no VAT liability.

#### **Employees**

The Company has no employees. Staff are employed by another group company and seconded to Wheatley Foundation.

### **2. Remuneration of Directors**

The Directors did not receive any emoluments in respect of their services or reimbursement of expenses directly from Wheatley Foundation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

### 3. Net incoming resources for the year

	2020	2019
	£'000	£'000
<b>Net incoming resources is stated after charging:</b>		

Auditor's remuneration – audit services	5	5
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### 4. Donations

	2020	2019
	£'000	£'000
<i>Unrestricted income:</i>		
Donations from group undertakings	860	400
Gift aid from group undertakings	3,000	3,020
Donations Other	152	21
<i>Restricted income:</i>		
Donations Other	3	5
	4,015	3,446

### 5. Incoming resources from charitable activities

	2020	2019
	£'000	£'000
<i>Unrestricted income:</i>		
Grant income	918	1,581
<i>Restricted income:</i>		
Grant income	336	241
	1,254	1,822

### 6. Charitable activities

	2020	2019
	£'000	£'000
<i>Unrestricted resource expenditure:</i>		
Direct project costs	1,360	2,105
Running costs	32	40
Seconded staff costs	3,094	3,273
<i>Restricted resource expenditure:</i>		
Direct project costs	264	131
Seconded staff costs	139	107
	4,889	5,656

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

### 7. Governance costs

	2020 £'000	2019 £'000
External audit fees	<u>5</u>	<u>5</u>

### 8. Debtors

	2020 £'000	2019 £'000
Amounts owed by group undertakings	44	73
Other debtors	<u>2</u>	<u>78</u>
	<u>46</u>	<u>151</u>

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

### 9. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank	<u>3,104</u>	<u>2,784</u>
	<u>3,104</u>	<u>2,784</u>

### 10. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Accruals and deferred income	165	211
Amounts due to group undertaking	<u>1,829</u>	<u>1,943</u>
	<u>1,994</u>	<u>2,154</u>

Amounts owed to group undertakings 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 2020 (CONTINUED)

### 11. Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Fund balance at 31 March 2020 as represented by:			
Cash at bank and in hand	3,082	22	3,104
Other net current liabilities	(1,926)	(22)	(1,948)
	<hr/> 1,156	<hr/> -	<hr/> 1,156
At 31 March 2020	<hr/> <hr/> 1,156	<hr/> <hr/> -	<hr/> <hr/> 1,156

### Analysis of net assets between funds – previous year

	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Fund balance at 31 March 2019 as represented by:			
Cash at bank and in hand	2,538	246	2,784
Other net current liabilities	(1,820)	(183)	(2,003)
	<hr/> 718	<hr/> 63	<hr/> 781
At 31 March 2019	<hr/> <hr/> 718	<hr/> <hr/> 63	<hr/> <hr/> 781

### 12. Analysis of charitable funds

#### Analysis of movements in unrestricted funds

	1 April 2019 £'000	Incoming £'000	Outgoing £'000	Transfers £'000	31 March 2020 £'000
General funds	718	4,930	(4,491)	(1)	1,156
	<hr/> 718	<hr/> 4,930	<hr/> (4,491)	<hr/> (1)	<hr/> 1,156
At 31 March 2020	<hr/> <hr/> 718	<hr/> <hr/> 4,930	<hr/> <hr/> (4,491)	<hr/> <hr/> (1)	<hr/> <hr/> 1,156

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

### 12. Analysis of charitable funds (continued)

#### Analysis of movements in restricted funds

	1 April 2019	Incoming	Outgoing	Transfers	31 March 2020
	£'000	£'000	£'000	£'000	£'000
Aberlour Child Care Trust	2	2	(5)	1	-
Veterans' Support Service	61	-	(61)	-	-
Cash for Kids	-	1	(1)	-	-
People & Communities Fund	-	50	(50)	-	-
Scottish Government Strategic Partnership	-	251	(251)	-	-
Illegal Money Lending Project	-	35	(35)	-	-
At 31 March 2020	63	339	(403)	1	-

Name of restricted fund	Description, nature and purposes of the fund
Aberlour Child Care Trust	Supporting children overcome significant challenges such as growing up in and leaving care, living with a disability and dealing with the impact of drugs and alcohol on family life.
Veterans' Support Service	To provide veterans of the armed forces support and advice in order to secure accommodation
Cash for Kids	Radio Clyde Cash for Kids aim to make a real difference to the lives of children and young people across Glasgow and West Scotland who need a helping hand.
People & Communities Fund	To provide training opportunities accessible to disadvantaged and unemployed residents, across all age ranges, who live in local authority areas where Wheatley Group has social housing stock.
Scottish Government Strategic Partnership	To work with disadvantaged communities to increase community experience and capability, foster leadership, and carry out community engagement through three key strands – the Wheatley Works pre-employability programme, building financial capability and community connections.
Illegal Money Lending Project	In partnership with COSLA, this project tackles illegal money lending through financial awareness training for Wheatley Group customers and promoting financial inclusion.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

### **13. Financial commitments**

At 31 March 2020, the charity had no annual financial commitments under non-cancellable land and buildings operating leases.

### **14. Company limited by guarantee**

The charity has no share capital and is a company limited by guarantee. The sole member is Wheatley Housing Group Limited, which has undertaken to contribute such amount not exceeding £1 as may be required in the event of the charity winding up.

### **15. Ultimate parent organisation**

Wheatley Foundation is a subsidiary undertaking of the Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

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

## **SUPPLEMENTARY INFORMATION**

### **Secretary and Registered Office**

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

### **Independent auditor**

KPMG LLP  
319 St Vincent Street  
Glasgow G2 5AS

### **Banker**

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