



# ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2023

**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 2023.

### Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation. On 20 July 2022 the Association formally changed its name from The Glasgow Housing Association Limited to Wheatley Homes Glasgow ("WH Glasgow") having traded under its new name since 1 April 2022. The Association remains Scotland's largest social landlord with over 42,000 affordable homes to let in Glasgow, firmly rooted in its local communities. It has a skilled, committed workforce of over 1,700 staff, who deliver sector-leading frontline services.

### OPERATING REVIEW

This year, the second year of our 'Your Home, Your Community, Your Future' strategy, saw us consolidate our new operating model and rise to the challenge of supporting our customers through the cost-of-living crisis.

Many of our customers were still coping with the aftermath of the pandemic and the associated financial hardship that created. We supported them in every way we could through the challenges caused by the growing economic crisis, from the rising price of food to higher energy costs. Our customer-focused way of working, and the range of ways we engage, help us understand the needs of our tenants and respond to them effectively.

The year saw the launch of our 'Here for You' campaign to help alleviate the hardship experienced by so many of our customers delivered on our behalf by the Wheatley Foundation our charitable trust and fellow Group subsidiary. The campaign brought together our extensive wraparound services under one recognisable banner and also involved signposting customers to help from partner organisations across our communities. More than 7,400 referrals were made in Wheatley Homes Glasgow to the 'Here for You' fund over the year, with customers receiving lifeline help with food, fuel and support with rent payments. Overall the Wheatley Foundation, supported 13,600 Wheatley Homes Glasgow customers this year.

This was the first full year of our Customer First Centre since its launch in January 2022. Staff in the Customer First Centre provide 24/7 expert support for customers which allows housing officers to spend more time helping people in our communities. We launched our new *MyRepairs* specialist team with direct links into the Customer First Centre, towards the end of the year which helped us further improve our repairs service.

We continued to improve tenant engagement through the introduction of our Stronger Voices programme, introducing more ways than ever for customers to help shape our services in ways that suited them best including both in person and online groups. By the end of the year over 1,000 Wheatley Homes Glasgow tenants were registered with the programme.

During the year we built 119 new homes over the year and invested £47.6m in planned improvements in existing homes. We also launched our new sustainability framework to set out our approach in our journey towards net zero homes.

Wheatley Group also had an important role in supporting Ukrainian refugees, providing 224 homes to local authority partners to help people fleeing the war, with Wheatley Homes Glasgow contributing 183 homes.

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

### **OPERATING REVIEW (continued)**

Our plans for the £73million transformation of Wyndford continued. By the end of 2022/23, more than 96% of tenants in the four blocks had moved or been offered another home. Though the Wyndford Future Focus group a number of tenants have been involved in developing the regeneration plans for the area which include 300 new affordable homes including some larger family properties.

We completed the transfer of Strathclyde (Camphill) Housing Society a small registered social landlord. This saw 16 properties in the South-side of Glasgow transfer to Wheatley Homes Glasgow in January 2023.

This was also the first full year of Wheatley Homes Glasgow, following the merger of Glasgow Housing Association and Cube to do more together for communities and for the city. That commitment was brought into sharp focus this year as our tenants faced ever-increasing challenges. There is no doubt teams across Wheatley will continue 'Thinking Yes Together' to support our customers whenever they need us.

Here are some of the highlights of the year:

#### **Building new homes**

Wheatley Homes Glasgow built 119 new homes over the year, 26 for social rent and 93 for mid-market rent. Our completed homes included:

- 46 for mid-market rent at Watson Street, Merchant City
- 27 homes for mid-market at Hurlford Avenue, Knightswood
- 26 for social rent at Damshot Crescent, Pollok; and
- 20 mid-market rent homes in Sighthill

Work is well underway on 198 new homes at Sighthill, 123 at Calton Village, and 35 at Shawbridge Street in Pollokshaws.

#### **Investing in our homes**

Wheatley Homes Glasgow delivered £47.6m of planned improvements to homes and communities over the year. This included:

- £4.7m on new heating systems for 1,769 homes;
- £2.4m on 'Connected Response' installations in 3,139 homes to help people with their electricity bills;
- £2.5m on new windows for 174 homes, including in Drumchapel and Pollok;
- £2m on new video-controlled entry systems and CCTV in Wyndford, Broomhill and Gorget;
- £1.4m on new kitchens for 182 homes;
- £1.2m on new lifts in multi-storey blocks in Scotstoun, Royston and Castlemilk
- £1.0m on new smoke and heat detectors across Glasgow.
- £1.6m on renewal of external render and roofs at sites including High Street and Pollokshaws;
- £2.7m on internal works and common areas as multi-storey block across the city;
- £0.4m on bathrooms replacements for 114 homes; and
- £0.2m on rewiring 143 homes.

We also spent £0.7m on what customers told us were their priorities through Stronger Voices, including improving gardens in Milton and Pollok, painting closes in Castlemilk and installing new fencing in Easterhouse. We invested a further £3.3m on adaptations to existing properties to allow customers to continue living independently in their homes.

## DIRECTORS' REPORT (continued)

### OPERATING REVIEW (continued)

#### Our repairs service

We launched a new specialist team in January 2023 to help us continue to improve the repairs service. The *MyRepairs* team brings specialist repairs staff together with colleagues in our Customer First Centre to deal with complex repairs cases responding to feedback from customers. This allows housing officers to spend more time in communities visiting customers.

We also renewed our focus on dealing with damp and mould in our homes, shortening our response times and ensuring that reports about damp or mould are investigated within 48 hours with an aim to complete any repairs needed within 15 working days. The number of properties reporting issues with damp and mould remains low and we have commissioned full internal inspections of over 6,000 of our homes this year to confirm the good condition of our properties and to ensure that any wider archetypal issues around the quality of our homes are raised. The surveys did not uncover evidence of any systemic concerns and we will continue our programme of internal surveys into 2023/24.

#### Improving our neighbourhoods

We continued our work to create clean and safe neighbourhoods that people are proud to live in. Our ongoing partnership with environmental charity Keep Scotland Beautiful saw our communities inspected and graded to help us drive up standards. In 2022/23, over 86% of Wheatley Homes Glasgow neighbourhoods achieved the highest five-star rating, with the others working towards that target.

An environmental week of action in March 2023 saw us tackle bulk uplift, and fly tipping, upgrade community spaces and join community groups, schools and other partner organisations in litter picks, helping us improve neighbourhoods and engage with our customers.

Wheatley's Community Improvement Partnership ("CIP") – a specialist team of seconded police and our own frontline staff – continued to work with communities to tackle anti-social behaviour and crime. At the end of 2022/23, more than two thirds of Wheatley Group communities were classified as 'peaceful'.

The CIP worked with 150 Wheatley Group customers over the year to create our 'Neighbourliness Charter' to help create thriving, peaceful communities. The 'Keep the Peace' campaign, which promoted community engagement activities and highlighted support around anti-social behaviour, reached almost 118,000 social media accounts over the year. In Glasgow, the CIP team supported our communities, including Kelvin Wynd and Barmulloch, in response to drug dealing and youth disorder.

We helped protect customers from the risk of fire by carrying out 532 person-centred fire risk assessments – formerly known as home fire safety visits – in Wheatley Homes Glasgow homes last year. We also carried out 53 fire risk assessments in our multi-storey blocks and *Livingwell* complexes.

In the past year, we delivered fire safety products to 276 Wheatley Homes Glasgow customers, including 125 stove guard devices. We also carried out 202 fire safety improvements and upgraded fire alarms in 529 homes. The number of accidental fires in Wheatley Group homes fell for the third consecutive year, amounting to a 32% reduction over that same period.

#### Letting homes

We have a key strategic objective around the alleviation of homelessness and we allocated 1,318 homes to homeless people over the year. This included 36 homes let through Housing First, a multi-agency partnership to tackle rough sleeping in which Wheatley Group plays a leading role, and 59 tenancies were 'flipped' to permanent homes for the homeless people living in them.

Wheatley Homes Glasgow also provided 183 homes to Glasgow City Council to house Ukrainian refugees.

## DIRECTORS' REPORT (continued)

### OPERATING REVIEW (continued)

#### Engaging with customers

We helped more of our customers get online this year and encouraged them to engage with us through our digital channels and online self-service accounts. Almost 25,000 Wheatley Homes Glasgow customers – more than 57% of our customer base – were registered for an online account in 2022/23.

More than 290,000 people used the Wheatley Homes Glasgow website over the year. The number of followers on our social media channels this year was 25,959, an increase of 3,264 from the year before.

A total of 1,050 Wheatley Homes Glasgow customers were involved in our Stronger Voices programme this year, joining focus groups and surveys to shape Group policies on homelessness and sustainability, as well as equality, diversity and inclusion, and strategies on sustainability, among others. Customers also took part in a range of activities including neighbourhood walkabouts, panel discussions and local events.

#### Supporting our customers

Almost 34% of Wheatley Homes Glasgow customers are now on Universal Credit, an increase of 3% from last year. Our welfare benefits advisors supported over 5,000 Wheatley Homes Glasgow customers this year and helped them claim almost £8.8m in benefits and tax credits they were entitled to. Across Wheatley Group, we helped over 7,000 customers claim back more than £13m.

Our fuel advisors helped 3,400 Wheatley Homes Glasgow customers save more than £300k on their bills this year. We also helped customers across Wheatley Group accessed almost 10,000 fuel vouchers worth more than £480k to help alleviate fuel poverty.

We worked with Good Food Scotland to open the Kennishead Larder in September 2022, with 330 customers signing up to the community pantry to access healthy, low-cost food.

Over the year, we:

- created 298 opportunities for Wheatley Homes Glasgow customers to get into work or training;
- helped 932 new tenants with household budgeting, running a home and settling into their community through 'My Great Start';
- helped over 3,000 households put food on the table by distributing emergency food vouchers through our EatWell service;
- gave 614 households upcycled furniture through our Home Comforts service;
- awarded 36 people from our homes a bursary to go to university or college;
- provided free books every month to 242 children under five in our homes through the Dolly Parton Imagination Library initiative;
- delivered 'wonderbox' educational activity packs to 1,100 children in our communities through the Curiosity Collective;
- helped 2,900 people improve their digital skills through the John Wheatley Learning Network, our free computer learning centres across Glasgow;
- helped 400 young people in our communities take part in youth access courses in subjects including science, technology, engineering, maths and music as part of the network;
- provided starter packs for 548 tenants who needed support moving into their home; and
- supported almost 200 young people in the east end to take part in *StreetWyz*e workshops on the impact of gang culture and knife crime.

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

### **OPERATING REVIEW (continued)**

#### **Independent auditor**

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

### **FINANCIAL REVIEW**

Wheatley Homes Glasgow generated an operating surplus of £13.1m (2022: £61.2m) for the year. Of the £48.1m decrease in operating surplus, £32.4m is driven by amounts reported in other gains and losses and the timing of grant releases for new build properties both of which are non-cash accounting items.

Before taking account of other gains and losses and timing of grant income on new build completions, an operating surplus was generated from core operations of £6.3m (2022: £22.0m). The reduction of £15.7m in 2022/23 underlying operating surplus is driven by increased repairs and maintenance costs in 2022/23 and the inclusion in the 2021/22 prior year operating surplus of one-off receipts for funds totalling £10.4m which were re-invested into housing properties in 20221/22 and non-recurring in nature.

Non-cash items reported within operating surplus are:

- In other gains and losses - an accounting gain on business combination following the transfer of Strathclyde Camphill properties in Glasgow and other assets and liabilities of £0.5m. In 2022, £32.6m was recognised for the transfer of the Cube Housing Association properties in Glasgow and associated borrowings secured on the properties and other liabilities.
- In other gains and losses - a downward movement of £5.1m (2022: downward movement of £11.8m) 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 £5.1m (2022: £11.8m) being reported in operating surplus.
- In other gains and loss - in 2022, an actuarial loss on the transfer of pension scheme assets and obligations from Dumfries and Galloway Council Pension Fund of £3.0m. 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.
- Grant income recognised on the completion of new build properties of £11.5m compared to £21.4m in the prior year, a reduction of £9.9m. The grant received for new build is held on the Statement of Financial Position until the properties are completed when it is recognised as income through operating surplus. The amount recognised can vary from year-to-year dependant on the timing and size of the new build programme.



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

### **FINANCIAL REVIEW (continued)**

Turnover recognised in the Statement of Comprehensive Income in the year was £228.3m (2022: £243.5m). Of this total, 88% or £200.6m (2022: 81% or £197.2m) was generated through rental and service charge income, net of void losses. The remainder included:

- £15.0m of grant income recognised on the completion of new build properties, grant received from the Social Housing Net Zero fund and grant for medical adaptations (2022: £22.0m)
- £7.6m of investment property income from the letting of mid-market homes and commercial shop units (2022: £6.1m)
- £2.0m of income for support activities (2022: £2.0m)
- £1.9m of other income for installation of bike shelters and EV charging points, way leave and solar panels (2022: £5.0m)
- £0.6m (2022: £10.4m) of development & construction of property activities income in relation to funds received for re-investment into the housing properties
- £0.5m (2022: £nil) in relation to wider role activities.

Operating costs for the year amounted to £210.5m (2022: £200.1m). The main items of expenditure were as follows:

- Letting activity management and administration costs of £47.9m (2022: £49.9m)
- Planned repair and reactive maintenance costs of £22.8m and £45.2m respectively (2022: £22.1m and £36.1m)
- Total depreciation costs of £70.5m (2022: £71.8m)
- Restructuring costs of £2.9m (2022: £3.3m)
- Costs associated with our wider role in supporting communities of £9.5m (2022: £4.1m), including donations to Wheatley Foundation of £3.8m to provide support for our tenants through this financially challenging period.

Net interest costs in the year of £47.2m (2022: £44.8m) are £2.4m higher than the prior year due to increased borrowing to fund the development programme.

A movement in the fair value of financial instruments of £0.8m gain (2022: £11.7m loss) reports the non-cash accounting adjustment on:

- the contingent efficiencies grant of £0.8m gain (2022: £4.2m loss) 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 £nil (2022: £7.5m loss) on the intra-group loan to Lowther representing the prior year 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 deficit of £32.0m for the year (2022: surplus of £5.0m). As noted in relation to the operating surplus, the movement compared to the prior year is principally driven by the level of non-cash accounting gains reported in other gains and losses in the prior year.

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

### **FINANCIAL REVIEW (continued)**

#### **Cashflows**

The cash flow statement of the Association is shown on page 21. Wheatley Homes Glasgow generated £87.5m from operating activities (2022: £114.8m), a decrease of £27.3m when compared to prior year, associated with a decrease in trade and other debtors due to timing of receipts, the inclusion in the prior year of a £10.4m one-off receipt for re-investment in existing properties and an increase in reported operating costs driven by higher repairs costs driven by inflationary increases and higher demand for repairs from customers.

Cash generated from operating activities, as well as additional borrowing drawn in the year, was re-invested into improving our existing housing stock. Cash and cash equivalents in the year increased by £6.6m (2022: decreased by £8.9m).

#### **Liquidity**

The Association reported net current liabilities as at 31 March 2023 of £53.8m (2022: net current liabilities: £65.9m).

Within net current liabilities, net rent arrears were £4.5m (2022: £12.0m), after taking account of the bad debt provision of £7.6m (2022: £6.8m). 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 5.84% compared to 5.16% at the comparable rent period end in 2022.

Borrowings due after more than one year have increased to £972.7m from £935.8m due to the Association's investment of £67.1m in its 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 £985.0m which is secured on its housing stock (2022: £949.0m). Interest rate risk is managed at a group level by WFL1.

#### **Investment in tenants' homes**

During the year we invested £47.6m in improving tenant's homes (2022: £58.8m). At the year-end our housing stock (including housing under construction) was valued at £1,583.8m (2022: £1,517.4m).

#### **New Build**

During the financial year we completed 119 new build properties across 4 developments. Our new build programme invested £19.4m in the year. The Business Plan includes a further projected spend of £139.2m on the new build programme over the next five years.



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

### **FINANCIAL REVIEW (continued)**

#### **Pensions**

Wheatley Homes Glasgow has defined benefit ("DB") pension arrangements with Strathclyde Pension Fund ("SPF"). The financial statements have been updated to reflect the results of the actuarial valuation at 31 March 2023 and show a DB pension asset of £2.5m (2022: asset of £58.2m). In line with accounting rules the value of the pension asset reported has been limited to the extent to which any benefit would be available to the employer in the form of reduced future contributions, with the increase in the discount rate from 2.70% to 4.75% driving the movement in the year.

#### **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

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.

**DIRECTORS' REPORT (continued)****FINANCIAL REVIEW (continued)***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.

**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



**Maureen Dowden, Chair**  
21 September 2023

Wheatley House  
25 Cochrane Street  
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G1 1HL

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

### **WHEATLEY HOMES GLASGOW BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS**

As at 31 March 2023 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 2023 there were 10 members (2022: 9 members) of the Wheatley Homes Glasgow Board: 3 tenant members, 3 parent appointees, 2 council Board members, 1 independent and the parent company, Wheatley Housing Group Limited.

Each member of the Board holds one fully paid £1 share that is cancelled on cessation of membership. During 2022/23, 3 shares were issued and 1 membership cancelled.

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

<b>Name</b>	<b>First Joined Board</b>	<b>Re-elected/re-appointed</b>	<b>Left Board</b>	<b>Committees/Group Directorships</b>
Bernadette Hewitt (Chair & tenant member)	30 May 2014	18 September 2020	15 September 2023	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.
Patrick Gray (Vice chair and parent appointee)	1 May 2017	-	-	Wheatley Housing Group Limited (resigned September 2022) Wheatley Foundation (Chair), City Building LLP (resigned August 2022)
Councillor Kenny McLean (Glasgow City Council appointee)	30 May 2014	1 June 2017	-	-
Councillor Frank McAveety (Glasgow City Council appointee)	20 June 2017	-	-	-
Cathy McGrath (Tenant member)	21 September 2017	-	-	Wheatley Foundation

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

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

<b>Name</b>	<b>First Joined Board</b>	<b>Re-elected/ re-appointed</b>	<b>Left Board</b>	<b>Committees/Group Directorships</b>
Andrew Clark (Independent)	30 November 2018	13 September 2019	-	Wheatley Developments Scotland Limited City Building Glasgow LLP (appointed November 2022)
Robert Keir (Tenant Member)	13 August 2021	-	-	-
Derek Frank Treanor (Parent appointee)	25 Nov 2022			Group Audit Committee Wheatley Developments Scotland Limited
Maureen Dowden (Parent appointee)	16 Sept 2022			Lowther Homes Wheatley Housing Group Limited Wheatley Homes South (Chair)
Carol Ballingall (Tenant Member)	19 May 2023	-		
Jo Boaden (Totton) (Parent appointee)	17 June 2019	-	16 September 2022	Wheatley Housing Group Limited (Non- Executive Director) Wheatley Homes South (Parent appointee)
Martin Kelso (Parent appointee)	23 February 2022	-	28 September 2022	Group Strategic Development Committee (resigned 28/9/22) Group Remuneration, Appointments, Appraisal and Governance Committee (resigned 28/9/22) Wheatley Housing Group Limited (resigned 28/9/22) Wheatley Funding No.1 Limited (resigned 28/9/22) Wheatley Funding No.2 Limited (resigned 28/9/22) Wheatley Group Capital plc (resigned 28/9/22)

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

### **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



**Maureen Dowden, Chair**  
 21 September 2023

Wheatley House  
 25 Cochrane Street  
 Glasgow  
 G1 1HL



## **INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES GLASGOW LIMITED AND THE TRUSTEES OF WHEATLEY HOMES GLASGOW LIMITED.**

### **Opinion**

We have audited the financial statements of Wheatley Homes Glasgow Limited ("the Association") for the year ended 31 March 2023 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Reserves, and the Cash Flow Statement 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 2023 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 requirements of the Housing (Scotland) Act 2010, the Registered Social Landlords Determination of Accounting Requirements Order 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 the 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.

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**INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES GLASGOW LIMITED AND THE TRUSTEES OF WHEATLEY HOMES GLASGOW LIMITED (CONTINUED)**

**Opinion (continued)**

**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

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

- Enquiring of board members and management as to the 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; and
- Reading Board minutes

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

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

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the 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 and property valuations.

*Identifying and responding to risks of material misstatement related 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 discussions with the board and other management (as required by auditing standards), and discussed with the board and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulation 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 (including related registered social landlord legislation and charities 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 Association is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance allow could have a material effect on amounts or disclosures in the financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES GLASGOW LIMITED AND THE TRUSTEES OF WHEATLEY HOMES GLASGOW LIMITED (CONTINUED)**

### **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 fraud 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 are 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, 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.

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; or
- in our opinion, the information given in the Directors' Report is inconsistent in any material respect with the financial statements.

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 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

In addition, under the Co-operative and Community Benefit Societies Act 2014 we are required to report if, in our opinion, the Association has not maintained a satisfactory system of controls over its transactions. We have nothing to report in this respect.



## **INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES GLASGOW LIMITED AND THE TRUSTEES OF WHEATLEY HOMES GLASGOW LIMITED (CONTINUED)**

### **Opinion (continued)**

#### **Board's responsibilities**

As explained more fully in their statement set out on page 14, the Board is responsible for: the preparation of financial statements which 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 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 they either intend to liquidate the Association 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).

#### **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 and section 69 of the Housing (Scotland) Act 2010, and to the Association'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 Association and its 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 Association and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



**Michael Wilkie**

**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*

319 St Vincent Street

Glasgow, G2 5AS

26 September 2023

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	228,272	243,464
Operating expenditure	3	(210,463)	(200,123)
Other (losses)/gains	3	(4,667)	17,827
Operating surplus		13,142	61,168
(Loss)/Gain on disposal of fixed assets	10	(252)	9
Finance income	11	1,609	265
Finance charges	12	(47,247)	(44,755)
Movement in fair value of financial instruments		769	(11,687)
(Deficit)/surplus for the financial year		(31,979)	5,000
Unrealised surplus/(deficit) on the valuation of housing properties		76,883	(25,715)
Unrealised deficit on the valuation of other fixed assets		(4,159)	(3,896)
Actuarial (loss)/gain in respect of pension schemes		(47,660)	63,656
Total comprehensive (loss)/ income for the year		(6,915)	39,045

All amounts relate to continuing operations.

## STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2023

	Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 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
Total comprehensive loss for the year	(6,915)	-	(6,915)
Transfer of reserves for the revaluation of housing properties	(76,883)	76,883	-
Transfer of reserves for the revaluation of other fixed assets	4,159	(4,159)	-
Balance at 31 March 2023	200,235	437,587	637,822

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

## STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

	<i>Notes</i>	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
<b>Fixed assets</b>			
Social housing properties	15	1,583,777	1,517,418
Other tangible fixed assets	16	58,227	54,235
Investment properties	17	71,940	61,171
Investments - other	17	12,073	12,073
		<u>1,726,017</u>	<u>1,644,897</u>
 Pension asset	 23	 2,505	 58,166
<b>Current assets</b>			
Trade and other debtors	18	43,858	47,599
Cash and cash equivalents		4,270	-
		<u>48,128</u>	<u>47,599</u>
 <b>Creditors:</b> amounts falling due within one year	 19	 <u>(101,908)</u>	 <u>(113,528)</u>
<b>Net current liabilities</b>		<u>(53,780)</u>	<u>(65,929)</u>
 <b>Total assets less current liabilities</b>		 1,674,742	 1,637,134
 <b>Creditors:</b> amounts falling due after more than one year	 20	 <u>(1,035,048)</u>	 <u>(990,248)</u>
		639,694	646,886
 <b>Provisions for liabilities</b>			
Other provisions	21	(1,872)	(2,149)
<b>Total net assets</b>		<u>637,822</u>	<u>644,737</u>
 <b>Reserves</b>			
Share capital	22	-	-
Revenue reserve including pension reserve		200,235	279,874
Revaluation reserve		437,587	364,863
<b>Total reserves</b>		<u>637,822</u>	<u>644,737</u>

These financial statements were approved by the Board on 11 August 2023 and signed on its behalf on 21 September 2023 by:



Maureen Dowden  
Chair



Andrew Clark  
Board member



Anthony Allison  
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 2023

	<i>Notes</i>	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
<b>Net cash generated from operating activities</b>	25	<u>87,491</u>	<u>114,835</u>
<b>Cash flow from investing activities</b>			
Improvement of social housing properties	15	(47,627)	(58,816)
Construction of new properties		(19,108)	(37,738)
Purchase of other fixed assets	16	(16,338)	(19,212)
Improvement of investment properties	17	(515)	(342)
Proceeds from disposal of properties	10	106	164
Grants received	20	10,891	17,567
Finance income	11	4	
		<u>(72,587)</u>	<u>(98,377)</u>
<b>Cash flow from financing activities</b>			
Finance charges		(44,730)	(42,801)
Cash transferred in business combination		382	-
Financing drawn down		<u>36,000</u>	<u>17,406</u>
		<u>(8,348)</u>	<u>(25,395)</u>
<b>Net change in cash and cash equivalents</b>		<u><u>6,556</u></u>	<u><u>(8,937)</u></u>
Cash and cash equivalents at beginning of the year		(2,286)	6,651
Cash and cash equivalents at end of the year		4,270	(2,286)
<b>Cash and cash equivalents at 31 March</b>			
Cash		<u>4,270</u>	<u>(2,286)</u>
		<u>4,270</u>	<u>(2,286)</u>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 2023 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 recognising that 2022/23 has been a particularly challenging year across a number of economic conditions including sustained high inflation rates. 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 2023/24 and the Group and Association's financial position as forecast in the 30-year business plan, 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;
- The property market – budget and business plan scenarios have taken account of rising costs, productivity and labour shortages;

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (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 including the effect of inflation, 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 £270.3m 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 2023 (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. In 2021-22, the Association 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 2023 (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 2023 (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:

	<u>Economic Life</u>
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 2023 (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:

	<u>Economic Life</u>
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 2023 (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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

**3. Particulars of turnover, operating costs and operating surplus**

		2023			2022
	Turnover	Operating costs	Other gains/ (losses)	Operating Surplus/ (deficit)	Operating Surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	215,610	(185,180)	-	30,430	44,200
Other activities (note 5)	12,662	(25,283)	-	(12,621)	(859)
Valuation movement on investment properties (note 17)	-	-	(5,133)	(5,133)	(11,769)
Actuarial movement on transfer of pension scheme obligations (note 9)	-	-	-	-	(2,999)
Gain on business combination (note 9)	-	-	466	466	32,595
Total	228,272	(210,463)	(4,667)	13,142	61,168
Total for previous reporting period	243,464	(200,123)	17,827	61,168	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

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

	General Needs £'000	2023 Supported Housing £'000	Shared Ownership £'000	Total £'000	2022 Total £'000
Rent receivable net of service charges	196,529	4,133	52	200,714	197,352
Service charges	1,889	40	1	1,930	1,861
<b>Gross income from rents and service charges</b>	198,418	4,173	53	202,644	199,213
Less rent losses from voids	(2,032)	(43)	(1)	(2,076)	(2,011)
<b>Net income from rents and service charges</b>	196,386	4,130	52	200,568	197,202
Grants released from deferred income – new build	11,259	237	3	11,499	21,369
Other revenue grants	3,469	73	1	3,543	662
<b>Total turnover from affordable letting activities</b>	211,114	4,440	56	215,610	219,233
Management and maintenance administration costs	(46,935)	(987)	(13)	(47,935)	(49,943)
Service costs	(4,394)	(92)	(1)	(4,487)	(4,391)
Planned and cyclical maintenance including major repairs costs	(22,316)	(469)	(6)	(22,791)	(22,120)
Reactive maintenance costs	(44,277)	(931)	(12)	(45,220)	(36,095)
Bad debts – rents and service charges	(2,371)	(50)	(1)	(2,422)	(2,262)
Depreciation of affordable let properties	(61,026)	(1,283)	(16)	(62,325)	(60,222)
<b>Operating costs for affordable letting activities</b>	(181,319)	(3,812)	(49)	(185,180)	(175,033)
<b>Operating surplus for affordable letting activities</b>	29,795	628	7	30,430	44,200
Operating surplus for affordable letting activities for the previous reporting period	43,278	911	11	44,200	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (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	2023 Operating surplus /(deficit) £'000	2022 Operating surplus /(deficit) £'000
Wider role activities to support the community	-	534	534	(9,453)	(8,919)	(3,967)
Investment property activities	-	7,569	7,569	(776)	6,793	5,463
Support activities	-	2,017	2,017	(2,115)	(98)	(231)
Demolition activities	-	-	-	(1,316)	(1,316)	(370)
Other income	-	1,909	1,909	(605)	1,304	2,778
Depreciation – Non Social Housing*	-	-	-	(8,134)	(8,134)	(11,588)
Organisation Restructuring	-	-	-	(2,880)	(2,880)	(3,289)
Development & Construction of Property Activities	-	633	633	(4)	629	10,345
<b>Total from other activities</b>	-	12,662	12,662	(25,283)	(12,621)	(859)
Total from other activities for the previous reporting period	-	24,231	24,231	(25,090)	(859)	

\*In 2021/22 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 2023 (continued)

### 6. Board members' emoluments

Board members received £2,419 (2022: £4,602) 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.

	2023	2022
	£ 000	£ 000
Aggregate emoluments payable to key management (excluding pension contributions)	571	551

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 £10,000 but not more than £20,000	2	-
More than £20,000 but not more than £30,000	3	-
More than £30,000 but not more than £40,000	-	2
More than £40,000 but not more than £50,000	-	1
More than £50,000 but not more than £60,000	2	1
More than £60,000 but not more than £70,000	-	1

The key management are defined for this purpose as the Chief Executive and the Group Executive team in post at 31 March 2023. Emoluments include relocation expenses where appropriate.

The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff. Pension contributions of £106k (2022: £115k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2023.

There were seven senior officers in post at 31 March 2023.

Steven Henderson	Group Chief Executive
Hazel Young	Group Director of Housing and Property Management
Laura Pluck	Group Director of Communities
Pauline Turnock	Group Director of Finance
Anthony Allison	Group Director of Governance and Business Solutions
Graham Isdale	Group Director of Corporate Affairs
Frank McCafferty	Group Director of Assets and Repairs



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### 8. Employees

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
The average total number of employees employed during the year was	1,740	1,676
The average monthly number of full time equivalent persons employed during the year was	1,708	1,643

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs (for the above persons)		
Wages and salaries	62,113	55,179
Social security costs	6,608	5,490
Employer's pension costs	8,603	7,828
FRS 102 adjustment	9,444	8,363
	<u>86,768</u>	<u>76,860</u>

### 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.

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial loss on transfer of pension assets and obligations	-	(2,999)
	<u>-</u>	<u>(2,999)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### 9. Other Gains (continued)

#### Gain on business combination

The 16 units at Strathclyde (Camphill) Housing Society Limited were transferred to Wheatley Homes Glasgow, along with all related asset and liabilities, on 16 January 2023 realising a gain of £0.5m. The prior year gain of £32.6m relates to the transfer of the homes to Wheatley Homes Glasgow from Cube Housing Association within the Glasgow City local authority, along with all related asset and liabilities on 28 April 2021.

	2023 £'000	2022 £'000
Gain on business combination	466	32,595
	<u>466</u>	<u>32,595</u>

#### The following amounts were transferred

	2023 £000	2022 £000
Fixed assets – Social Housing Properties	441	87,681
Other fixed assets	-	4,165
Investment properties	-	1,700
Current assets	394	1,239
Current liabilities	(369)	(3,657)
Net current assets	<u>25</u>	<u>(2,418)</u>
Creditors: amounts due falling due in over one year	-	(58,533)
	<u>466</u>	<u>32,595</u>

### 10. (Loss)/gain on disposal of fixed assets

This includes net income from the sale of five properties (2022: three properties) and any gain/(loss) on the disposal of fixed assets in the year.

	£'000	2023 £'000	£'000	2022 £'000
	Properties	Other assets	Total	Properties
Net proceeds from disposal of assets	53	53	106	164
Value of assets disposed	(305)	(53)	(358)	(155)
(Loss)/gain on sale of fixed assets	<u>(252)</u>	<u>-</u>	<u>(252)</u>	<u>9</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### 11. Finance income

	2023 £'000	2022 £'000
Bank interest received	4	-
Interest on intra group loans	162	236
Interest on pension scheme (note 23)	1,443	29
Total	<u>1,609</u>	<u>265</u>

### 12. Finance charges

	2023 £'000	2022 £'000
Interest on intra group loans	44,193	41,816
Other financing costs	3,054	2,939
Total	<u>47,247</u>	<u>44,755</u>

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

	2023 £'000	2022 £'000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of these financial statements	130	60

### 14. Financial commitments

#### Capital commitments

All capital commitments of the Association were as follows:

	2023 £'000	2022 £'000
Expenditure contracted for, but not provided in the financial statements	29,560	53,901
Expenditure authorised by the Board, but not contracted	26,150	26,227
	<u>55,710</u>	<u>80,128</u>

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 2023 (continued)

### 14. Financial commitments (continued)

#### Operating leases

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

	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Land and</b>	<b>Other</b>	<b>Land and</b>	<b>Other</b>
	<b>Buildings</b>		<b>Buildings</b>	
Operating leases that fall due:				
Within one year	338	90	307	132
In the second to fifth years inclusive	1,040	148	48	121
Over 5 years	1,153	-	-	-
	<u>2,531</u>	<u>238</u>	<u>355</u>	<u>253</u>

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 2023 (continued)

### 15. Tangible fixed assets – Social Housing Properties

	<b>Core Stock £'000</b>	<b>Shared Ownership £'000</b>	<b>Housing Under Construction £'000</b>	<b>Total £'000</b>
<b>Valuation</b>				
At 1 April 2022	1,477,023	596	39,799	1,517,418
Additions	47,627	-	19,425	67,052
Disposals	(305)	-	-	(305)
Transfers	6,227	-	(21,614)	(15,387)
Transferred from Camphill	469	-	-	469
Revaluation	14,525	5	-	14,530
At 31 March 2023	1,545,566	601	37,610	1,583,777
<b>Accumulated Depreciation</b>				
At 1 April 2022	-	-	-	-
Charge for year	62,317	8	-	62,325
Transferred from Camphill	28	-	-	28
Revaluation	(62,345)	(8)	-	(62,353)
At 31 March 2023	-	-	-	-
<b>Net Book Value - Valuation</b>				
At 31 March 2023	1,545,566	601	37,610	1,583,777
At 31 March 2022	1,477,023	596	39,799	1,517,418
<b>Net Book Value - Cost</b>				
At 31 March 2023	1,625,676	306	37,610	1,663,592
At 31 March 2022	1,633,506	314	39,799	1,673,619

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

	<b>2023</b>	<b>2022</b>
<b>Social Housing</b>		
General needs	41,270	41,234
Supported housing	868	868
Shared ownership	11	11
Housing held for long-term letting	42,149	42,113
Housing approved / planned for demolition	608	613
Total Units	42,757	42,726

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 2023 (continued)

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

Total expenditure on repairs and capital improvements in the year on existing properties was £115.6m (2022: £117.0m). Of this, repair costs of £68.0m (2022: £58.2m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £47.6m (2022: £58.8m) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £47.6m (2022: £58.8m) in the year include:

- £20.7m for component additions including:
  - £0.4m on bathrooms;
  - £1.2m on external wall finishes;
  - £4.7m on heating system boilers;
  - £2.7m on internal works and common areas;
  - £1.4m on kitchens;
  - £7.4m on mechanical, electrical and plumbing;
  - £0.4m on structure and roofs; and
  - £2.5m on windows and doors.
- The remaining balance of £26.9m of additions to existing properties not associated with a specific component includes £12.9m on void improvements and £3.3m of medical adaptations.

Additions to housing under construction include capitalised interest costs of £0.3m (2022: £0.8m). Interest has been capitalised at the weighted average interest cost for the Association of 3.90% (2022: 4.08%).

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 2023/24. The demolition programme identifies 608 (2022: 613) 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 £1,545.6m. Housing under construction, with a NBV of £37.6m, 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 2023 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 (2022: 5.75-7.00%). The valuation assumes a real rental income growth of 0.5% for the first two years, followed by long-term real rental growth of 1.0% per annum, in line with the Association's 30-year Business Plan (2022/23). Both mid-market and full market rent properties are assumed at a long term real rental income growth of 0.5% throughout. 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 2022/23 five properties were disposed of at a value of £53k (2022: three properties £136k).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (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
<b>Cost or valuation</b>						
At 1 April 2022	16,793	11,235	14,086	29,840	53,292	125,246
Additions	4,811	352	3,228	821	7,126	16,338
Disposals	-	-	-	(109)	-	(109)
Revaluation	-	-	(4,709)	-	-	(4,709)
At 31 March 2023	21,604	11,587	12,605	30,552	60,418	136,766
<b>Accumulated Depreciation</b>						
At 1 April 2022	3,016	3,950	-	27,468	36,577	71,011
Charge for year	1,028	402	550	1,084	5,070	8,134
Disposals	-	-	-	(56)	-	(56)
Revaluation	-	-	(550)	-	-	(550)
At 31 March 2023	4,044	4,352	-	28,496	41,647	78,539
<b>Net Book Value</b>						
At 31 March 2023	17,560	7,235	12,605	2,056	18,771	58,227
At 31 March 2022	13,777	7,285	14,086	2,372	16,715	54,235

Office premises were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2023 in accordance with the appraisal and valuation manual of the RICS.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### 17. Investments

#### Investment Properties

	Properties held for market rent £'000	Commercial Properties £'000	Total £'000
<b>Valuation</b>			
At 1 April 2022	49,854	11,317	61,171
Additions	306	209	515
Transfers	15,387	-	15,387
Revaluation taken to operating surplus	(5,597)	464	(5,133)
At 31 March 2023	59,950	11,990	71,940
<b>Net Book Value</b>			
At 31 March 2023	59,950	11,990	71,940
At 31 March 2022	49,854	11,317	61,171

Market rent properties were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, Jones Lang LaSalle, on 31 March 2023.

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

	2023	2022
<b>Mid-Market Rent Properties</b>		
Total Units	813	720

Commercial properties were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2023 in accordance with the appraisal and valuation manual of the RICS.

#### Investments - other

##### **Due after more than one year:**

	2023 £'000	2022 £'000
Unsecured subordinated convertible loan due from Lowther Homes Limited	12,073	12,073

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### 18. Debtors

	2023 £'000	2022 £'000
<b>Due in more than one year:</b>		
Due from other group companies	18,325	18,163
	18,325	18,163
<b>Due within one year:</b>		
Arrears of rent and service charges	12,167	18,769
Adjustment to discount arrears balances with payment plans to NPV	(123)	(114)
Less: provision for bad and doubtful debts	(7,496)	(6,657)
	4,548	11,998
Prepayments and accrued income	2,851	2,328
Other debtors	6,868	9,360
Due from other group companies	11,266	5,750
Total	43,858	47,599

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 (2022: 5.67%).

The Wheatley Foundation has agreed to deliver certain charitable community programmes on the Wheatley Homes Glasgow'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.

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

	2023 £'000	2022 £'000
Bank overdraft	-	2,286
Trade creditors	3,671	1,589
Accruals	29,664	36,016
Deferred income (note 20)	10,864	21,612
Rent and service charges received in advance	10,794	10,591
Salaries, wages, other taxation and social security	2,434	2,041
Other creditors	10,249	9,032
Due to other group companies	34,232	30,361
Total	101,908	113,528

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 2023 (continued)

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

	2023	2022
	£'000	£'000
Scottish Government contingent efficiencies grant	47,914	46,764
Deferred income	14,431	7,696
Amount due to group company	972,703	935,788
Total	1,035,048	990,248

#### 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 (2022: £100.0m) has been received which is an interest free loan with repayment due in 2040/41. The amount due of £47.9m at 31 March 2023 (2022: £46.8m) 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                      £2.0m (2022: £1.9m)
- fair value movement            gain of £0.8m (2022: loss of £4.2m)

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.

#### 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 £685.0m from a syndicate of commercial banks, two committed facilities totalling £270.8m from the European Investment Bank, £300.0m raised through the issue of a public bond, £264.0m private placement loan notes with BlackRock Real Assets and M&G Investment Management, a £50.0m facility with Barclays, a £35.0m facility with RBS, and a £35m charitable bond via Allia Social Impact Investments. This provided total facilities of £1,639.8m 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 £985.0m, secured on its housing stock. Interest in the year has been charged at 4.15% (2022: 4.15%).

Wheatley Homes Glasgow has secured a major portion of its social and market rent housing stock (£1,599.6m) against this facility. At 31 March 2023, 10% (£144.4m) of WH Glasgow's housing properties remained unsecured.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

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

Borrowings are repayable as follows:	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
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	972,516	935,601
	<u>972,703</u>	<u>935,788</u>

### Deferred income

The deferred income balance is made up as follows:

	<b>New Build Grant £'000</b>	<b>Other £'000</b>	<b>Total Deferred Income £'000</b>
Deferred income as at 1 April 2022	20,759	8,549	29,308
Additional income received	10,081	810	10,891
Released to the Statement of Comprehensive Income	(11,499)	(3,405)	(14,904)
Deferred income as at 31 March 2023	<u>19,341</u>	<u>5,954</u>	<u>25,295</u>

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

<b>Deferred income to be released to the Statement of Comprehensive Income:</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
In less than one year (note 19)	10,864	21,612
In more than one year but less than five years	14,431	7,696
In more than five years	-	-
	<u>25,295</u>	<u>29,308</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

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

Financial instruments	2023 £'000	2022 £'000
<b>Financial assets:</b>		
<u>Measured at amortised cost:</u>		
Debtors and accrued income	25,533	29,436
<u>Measured at fair value:</u>		
Due from other group companies	18,325	18,163
Total	43,858	47,599
	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Financial liabilities:</b>		
<u>Measured at amortised cost:</u>		
Creditors, accruals and deferred income	1,089,042	1,057,012
<u>Measured at fair value:</u>		
Scottish Government loan	47,914	46,764
Total	1,136,956	1,103,776

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

	Insurance £'000	Dilapidation Provision £'000	Total £'000
At 1 April 2022	435	1,714	2,149
Created in the year	87	-	87
Utilised	-	(364)	(364)
At 31 March 2023	522	1,350	1,872

#### 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 2023 (continued)

### 22. Share capital

	2023	2022
	£	£
Shares of £1 each issued and fully paid		
At 1 April	9	12
Issued during year	3	-
Surrendered during year	(2)	(3)
	<hr/>	<hr/>
At 31 March	10	9

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.

#### 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 year end were as follows:

	31 March 2023	31 March 2022
Discount rate	4.75%	2.70%
Future salary increases*	2.60%	2.20%
Inflation	2.95%	3.20%

\*Salary increases are assumed to be 7.0% for 23/24, 3.0% for 24/25 and 2.00% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2023, 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 2023 (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: 19.3 years (male) (2022 19.6 years), 22.2 years (female) (2022 22.4 years).
- Future retiree upon reaching 65: 20.5 years (male) (2022 21.0 years), 24.2 years (female) (2022 24.5 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*

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Opening defined benefit obligation	<b>566,579</b>	<b>552,988</b>
Service cost	20,375	18,119
Interest cost	15,439	11,465
Actuarial (gains)	(195,991)	(31,516)
Contributions by members	2,498	2,286
Estimated benefits paid	(11,505)	(11,143)
Effect of business combination and disposals	-	24,380
	<b>397,395</b>	<b>566,579</b>
Closing defined benefit obligation	<b>397,395</b>	<b>566,579</b>

#### *Movements in fair value of plan assets*

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Opening fair value of plan assets	<b>624,745</b>	<b>558,831</b>
Expected return on plan assets	16,882	11,494
Actuarial (losses)/gains	(26,706)	32,140
Contributions by the employer	10,931	9,756
Contributions by the members	2,498	2,286
Estimated benefits paid	(11,505)	(11,143)
Effect of business combination and disposals	-	21,381
	<b>616,845</b>	<b>624,745</b>
Closing fair value of plan assets	<b>616,845</b>	<b>624,745</b>

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Present value of funded defined benefit obligations	(396,451)	(565,432)
Present value of unfunded defined benefit obligations	(944)	(1,147)
Fair value of plan assets	616,845	624,745
Effect of changes in the amount of surplus that is not recoverable - loss	(216,945)	-
Net asset	<b>2,505</b>	<b>58,166</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### 23. Pensions (continued)

*Expense recognised in the statement of comprehensive income*

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Current service cost	16,318	16,218
Past service cost	4,057	1,901
Net interest on net defined benefit obligation (note 11)	(1,443)	(29)
	<u>18,932</u>	<u>18,090</u>

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £47,660k loss (2022: £63,656k gain).

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

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Equities	370,106	381,094
Corporate bonds	172,717	162,434
Property	61,685	68,722
Cash	12,337	12,495
	<u>616,845</u>	<u>624,745</u>
Actual return on plan assets	<u>(9,824)</u>	<u>48,105</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (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 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  
Cathy McGrath  
Robert Keir  
Carol Ballingall (appointed 19 May 2023)

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

	<b>2023</b>
	<b>£'000</b>
Rent charged during the year	30
Arrears balances outstanding at 31 March 2023	-

#### Other related parties

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

	<b>Invoiced/paid in the year £'000</b>	<b>Year end balance £'000</b>
<b>2023</b>		
Bernadette Hewitt - Transforming Communities Glasgow	-	-
Bernadette Hewitt - Barmulloch Community Development	-	-
Strathclyde Pension Fund	10,931	-

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 (until 15 November 2022), Pauline Turnock (from 15 November 2022) and David Rockliff serving on the board during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### 25. Cash Flow Analysis

Cash flow from operating activities	2023 £'000	2022 £'000
(Deficit)/surplus for the year	(31,979)	5,000
Less gain on business combination	(466)	(32,595)
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	70,459	71,810
Decrease in trade and other debtors	3,903	10,777
Increase in trade and other creditors	1,057	15,762
Decrease in provisions	(277)	(11,905)
Pension costs less contribution payments	9,444	8,363
<u>Adjustments for investing or financing activities:</u>		
Proceeds from the sale of tangible fixed assets	252	(9)
Government grants utilised in the year	(14,904)	(23,313)
Interest paid	47,564	44,755
Interest received	(1,609)	(265)
Movement in fair value of financial instruments	(769)	11,687
Loss on investment activities	5,133	11,769
Loss on the transfer of pension assets and obligations	-	2,999
<b>Net cash inflow from operating activities</b>	<b>87,491</b>	<b>114,835</b>

### 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.

## **SUPPLEMENTARY INFORMATION**

### **Secretary and Registered Office**

Anthony Allison  
Wheatley Homes Glasgow 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  
4<sup>th</sup> Floor  
110 Queen Street  
Glasgow G1 3BX