



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2023

Wheatley Homes East Limited

(Formerly Dunedin Canmore Housing Limited)
(Co-operative and Community Benefit Society No. 1823R(S))
(Scottish Housing Regulator Registration No. 116)
(Scottish Charity No. SC034572)

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2023.

Principal Activities

The principal activity of the Association is the provision and management of affordable rented accommodation. During the year, Dunedin Canmore Housing Limited traded as Wheatley Homes East Limited. Wheatley Homes East has over 6,800 affordable homes to let in the east of Scotland. The Association formally changed its name to Wheatley Homes East on 12 October 2022.

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 continued to support them in every way we could through the challenges caused by the growing economic crisis over the year, 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 customers 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. This was delivered on our behalf by the Wheatley Foundation our charitable trust. 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 10,400 referrals were made across Wheatley Group to Here for You over the year, with customers receiving lifeline help with food, fuel and rent financial support. Overall Wheatley Foundation supported 2,500 of our customers over the year.

This was the first full year of our Customer First Centre, providing 24/7 expert support for customers allowing housing officers to spend more time helping people in our communities. We continued to improve tenant engagement through the introduction of our Customer 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 tenants were registered with the programme.

During the year we built 283 new homes over the year and invested £6.3 million 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 also had an important role in supporting Ukrainian refugees, providing 224 homes to local authority partners to help people fleeing the war, of which 28 was from WHE.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

It was an historic year for housing in the east of Scotland. In September 2022, West Lothian Housing Partnership ("WLHP") formally became part of Dunedin Canmore Housing Limited, a move supported by 90% of WLHP tenants who took part in an independent ballot. Dunedin Canmore Housing Limited formally changed its name to Wheatley Homes East on 12 October 2022.

Our commitment to do more together for communities in the east was brought into sharp focus this year as the people we work for 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

We built 283 new homes over the year, 251 for social rent and 32 for mid-market rent.

They included:

- 146 at Almondvale, Livingston;
- 44 in two phases in Roslin;
- 23 at The Wisp, Edinburgh;
- 22 at Penicuik, Midlothian;
- 18 at South Gilmerton, Edinburgh;
- 14 at Blackness Road, Linlithgow;
- 12 at Wallyford, East Lothian; and
- 4 at Raw Holdings, East Calder.

Work is also underway on 425 new homes in three phases at West Craigs, Edinburgh; 84 homes in two phases at Wallyford, East Lothian; 63 at Raw Holdings, East Calder; 57 at Penicuik, Midlothian; 38 at Roslin, Midlothian; 36 homes at Macmerry, East Lothian; 33 at Rowanbank in Edinburgh; 25 at South Fort Street, Leith; and 35 at The Wisp, Edinburgh.

Investing in homes

Over the year we delivered £6.3m of planned improvements to homes and communities.

This included:

- £670k on improvements to 107 pre-1919 tenements across Edinburgh;
- £470k on new bathrooms for 118 homes in Slateford Green and Castlebrae, Edinburgh, and Belvedere Place in Bathgate;
- £450k on fire safety improvements for 100 homes in Parliament Street, Hyvot Mill Drive and Gorgie Road, Edinburgh;
- £370k on new heating for 102 homes in Gorgie, Dalry and Fountainbridge, Edinburgh; and
- £290k on new windows and doors for 85 homes in Easter Dalry Road and Northcote Street in Edinburgh and Pyothall Court in Broxburn.

We also spent £180k on what customers told us were their priorities through Stronger Voices, including a summer house at Carlyle Road, fencing in Dryden Gait, and planters and benches in Gorgie Road.

DIRECTORS' REPORT (continued)**OPERATING REVIEW (continued)****Our repairs service**

We renewed our focus on dealing with damp and mould in our homes this year, shortening our response times and ensuring that reports about damp or mould are investigated within 48 hours with an aim to complete any repairs within 15 working days.

Improving our neighbourhoods

We continued our work to create clean and safe neighbourhoods 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. All our neighbourhoods, have achieved the highest five-star rating.

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 communities were classified as 'peaceful'.

The CIP worked with 150 Wheatley 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. The CIP's work in Gorgie, Dalry and Fountainbridge in Edinburgh in July 2022 to tackle drug dealing and youth disorder resulted in positive feedback from the communities.

We helped protect customers from the risk of fire by carrying out 55 person-centred fire risk assessments – formerly known as home fire safety visits – in our homes. In the past year, we delivered fire safety products to 31 customers, including 14 stove guard devices. We also carried out 15 fire safety improvements and upgraded fire alarms in 62 homes. The number of accidental fires in Wheatley 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 314 homes to homeless people over the year. This includes two homes let through Housing First, a multi-agency partnership to tackle rough sleeping in which Wheatley Group plays a leading role.

Wheatley Homes East also provided 28 homes to local authorities to house Ukrainian refugees.

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. More than 3,770 customers – almost 52% of our customer base – were registered for an online account in 2022/23.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Engaging with customers (continued)

A total of 62,108 people used the Wheatley Homes East website over the year. The number of followers on our social media channels this year increased by 315 and we received 107 enquiries from customers on social media, a decrease of 39 from the year before.

A total of 296 customers, were involved in our Customer 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

More than 27% of our customers are now on Universal Credit, an increase of 4% from last year.

Our welfare benefits advisors supported 1,150 customers this year and helped them claim more than £2m in benefits and tax credits they were entitled to. Across Wheatley Group, we helped over 7,000 customers this year and helped them claim back over £13m.

Our fuel advisors helped 504 customers, save more than £30k on their bills this year and issued more than 700 fuel vouchers to help alleviate fuel poverty.

Over the year, we:

- created 137 opportunities for our customers to get into work or training;
- helped 110 new tenants with household budgeting, running a home and settling into their community through 'My Great Start';
- helped 379 households put food on the table by distributing supermarket vouchers through our EatWell service;
- helped 315 households with their rent payments;
- gave 139 households upcycled furniture through our Home Comforts service;
- awarded six people from our homes a bursary to go to university or college;
- helped 45 older customers affected by dementia take part in the music project Forget me Notes;
- provided free books every month to 114 children under five in our homes through the Dolly Parton Imagination Library initiative;
- delivered 'wonderbox' educational activity packs to 600 children in our communities through the Curiosity Collective;
- provided starter packs for 72 tenants who need support moving into their home; and
- helped almost 800 young people take part in diversionary activities through Youth Projects East.

Independent auditor

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

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

Wheatley Homes East generated an operating surplus of £41.6m or 71.1% (2022: £10.9m or 26.0%) for the year. The increase in operating surplus of £30.7m is primarily due to:

- A non cash accounting gain on business combination following the transfer of West Lothian Housing Partnership properties and other assets and liabilities of £20.2m.
- A higher level of grant income recognised on the completion of new build properties increasing by £12.7m from £3.8m in the prior year to £16.5m. 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.
- A downward movement of £1.8m (2022: £0.4m) on the revaluation of mid-market and commercial properties.

Total comprehensive income for the year was £12.6 (2022: £11.1m) which includes a downward movement in the valuation of social housing properties of £21.5m (2022: upward movement of £1.6m). On completion of new build social and investment properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the grant income to be recognised through profit or loss under the performance model. This approach creates an initial valuation loss on new properties in the year of completion when compared to the gross development cost which is reported after operating surplus.

Income

Turnover recognised in the Statement of Comprehensive Income for the year was £58.5m (2022: £41.9m). Of this total, 58% or £33.8m (2022: 73%, or £30.5m) was generated through rental and service charge income, net of void losses. The remainder included:

- £16.5m of new build grant income recognised on the completion of new build properties (2022: £3.8m);
- £2.8m of investment property income from the letting of mid-market homes and commercial units (2022: £2.2m) which has increased due to the growth in the portfolio of mid-market rent properties following the completion 32 new properties in the year; and
- £3.0m income at our workshop, providing repairs and investment services to other Wheatley Group subsidiaries (2022: £3.0m).

Expenditure

Operating costs for the year amounted to £35.4m (2022: £30.6m), comprising the following main items:

- Letting activity management and administration costs of £5.5m (2022: £5.8m);
- Service costs of £2.2m (2022: £2.3m);
- Planned repair and reactive maintenance costs totalling £10.6m (2022: £8.4m);
- Bad debt costs of £0.3m (2022: £0.2m);
- Total depreciation costs of £12.2m (2022: £10.2m);

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Expenditure (continued)

- Costs associated with our wider role in supporting communities of £1.4m (2022: £0.5m); and
- Costs attributable to the provision of repairs and investment services to other Group subsidiaries of £2.4m (2022: £2.7m).

Finance charges of £6.8m (2022: £6.6m) are reported for interest and bank fees on the Association's borrowings.

The Association had a net asset position at the year-end of £234.2m (2022: £221.6m) following the investment of £45.7m in new build housing and the transfer of WLHP with a gain on business combination of £20.2m. This is offset by a decrease on valuation on social and mid-market properties of £21.5m and an increase of £11.5m in borrowings to fund the construction of new homes.

Cashflows

The cash flow statement of the Association is shown on page 20. Wheatley Homes East generated £23.4m from operating activities (2022 £16.4m), an increase of £7.0m when compared to prior year, associated from the increased operating surplus gained following the growth in social housing activities following the transfer of the WLHP properties and the timing of receipts and payments of creditors. Cash and cash equivalents in the year increased by £0.6m (2022: decreased by £1.0m).

Liquidity

The Association reported net current liabilities as at 31 March 2023 of £23.7m (2022 £8.6m), an increase of £15.1m, largely due to an increase in short term deferred grant income due to be released to the Statement of Comprehensive Income in 2023/24 following the completion of new build units. Accruals have increased due to the timing of payments due.

Capital structure and treasury

The Association's activities are funded on the basis of a Business Plan which is updated annually. The main element of our long-term funding is the syndicated funds in WFL1, as detailed in note 21. The Association has access to an intra-group facility of £209.0m which is secured on its housing stock (2022: £219.9m). Interest rate risk is managed at a group level by WFL1.

Investment in tenants' homes

During the year we invested £6.3m in improving tenant's homes (2022: £6.6m). At the year-end our social housing stock including housing under construction was valued at £443.5m (2022: £369.7m), of which £59.6m was transferred from WLHP.

New Build

During the financial year we completed 283 new build properties. Our new build programme invested £45.7m in the year. The Business Plan includes a further projected spend of £362.5m on the new build programme over the next five years.

DIRECTORS' REPORT (continued)**FINANCIAL REVIEW (continued)****Reserves Policy**

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

Revenue reserve

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

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

These grants have been invested for the specific purposes prescribed in the related grant conditions, with this activity typically resulting in an increase in the value of housing properties in the 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 may include revaluation gains on investment properties, such as any mid-market rent homes which are owned by the Association. 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 any mid-market rent properties would trigger grant clawback and would run counter to the Association's core charitable objective of supporting the provision of a range of affordable housing solutions to be provided for its customers.

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

Revaluation reserve

The revaluation reserve represents, to the extent applicable, 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.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Principal risks facing the Association

The Board is responsible for assessing the risks facing Wheatley Homes East Limited. 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

Alastair Murray, Chair
21 September 2023



8 New Mart Road
Edinburgh
EH14 1RL

DIRECTORS' REPORT (continued)

WHEATLEY HOMES EAST BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2023 Wheatley Homes East's Rules allowed for the appointment of up to 12 Board members. With the exception of the Parent Appointee (if appointed), Board members are elected at the annual general meeting from the membership of the Association and retire by rotation every three years. Any member of the Association is entitled to stand for membership of the Board.

At 31 March 2023 there were 9 members (2022: 10 members) of the Wheatley Homes East Board: The members of the Board during the year are listed below:

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships during the year
Mary Mulligan	20 September 2012	12 September 2019	22 September 2022	Wheatley Housing Group Limited
Anne McGovern *	9 February 2017	17 September 2020	-	-
Bryan Pitbladdo *	30 March 2017	17 September 2020	9 February 2023	-
Ruth Kynoch	19 December 2017	23 September 2021	-	Wheatley Foundation Limited
Jill Cronin	29 November 2018	12 September 2019	22 September 2022	
Jack Cadell	29 November 2018	12 September 2019	-	Wheatley Developments Scotland Limited
Mark Keane*	28 November 2019	23 September 2021	-	
Alastair Murray (Chair)	17 September 2020	-	-	Wheatley Group Board
Helen Howden	17 September 2020	-	-	The Wheatley Foundation Limited
Jane Menzies*	23 December 2020	23 September 2021		
Heather Macnaughton	23 March 2023	-	-	Wheatley Homes South (resigned 29 March 2023)
Judith MacGlashan*	22 September 2022	-	-	

* tenant of the Association

Creditor payment policy

Wheatley Homes East 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 CONTROLS

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 FOR A REGISTERED SOCIAL LANDLORD THAT IS A CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY

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 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, including 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, and the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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



Alastair Murray, Chair
21 September 2023

8 New Mart Road
Edinburgh
EH14 1RL

Independent auditor's report to Wheatley Homes East Limited and the Trustees of Wheatley Homes East Limited

Opinion

We have audited the financial statements of Wheatley Homes East 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 have 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.

Independent auditor's report to Wheatley Homes East Limited and the Trustees of Wheatley Homes East Limited(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 due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through 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 and registered social landlord legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Whilst the 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.

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

Independent auditor's report to Wheatley Homes East Limited and the Trustees of Wheatley Homes East Limited(continued)

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

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

Other information

The Association's Board 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 11 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.

Board's responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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.

Independent auditor's report to Wheatley Homes East Limited and the Trustees of Wheatley Homes East Limited (continued)

Auditor's responsibilities

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

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

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

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014, section 44 (1(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association for our audit work, for this report, or for the opinions we have formed.



Michael Wilkie

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	58,549	41,921
Operating expenditure	3	(35,401)	(30,634)
Other gains/ (losses)	3	18,445	(361)
Operating surplus		<u>41,593</u>	<u>10,926</u>
Gain on disposal of fixed assets	10	647	1,539
Finance income	11	11	-
Finance charges	12	(6,768)	(6,640)
(Decrease)/ increase in valuation of housing properties		(21,522)	1,610
Reversal of previous decrease in valuation of other fixed assets		<u>289</u>	<u>441</u>
Surplus for the financial year		14,250	7,876
Actuarial (loss)/ gain in respect of pension schemes		<u>(1,646)</u>	<u>3,249</u>
Total comprehensive income for the year		<u>12,604</u>	<u>11,125</u>

All amounts relate to continuing operations.

The notes on pages 21 to 43 form part of these financial statements.

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

	Revenue Reserve £'000
Balance at 1 April 2021	210,453
Total comprehensive income	11,125
Balance at 1 April 2022	<u>221,578</u>
Total comprehensive income	12,604
Balance at 31 March 2023	<u>234,182</u>

All amounts relate to continuing operations.

The notes on pages 21 to 43 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

	<i>Notes</i>	2023 £'000	2022 £'000
Fixed assets			
Social housing properties	15	443,504	369,689
Other tangible fixed assets	16	10,392	6,622
Investment properties	17	37,145	34,860
		<u>491,041</u>	<u>411,171</u>
Current assets			
Stock	18	759	717
Trade and other debtors	19	7,966	10,984
Cash and cash equivalents		2,566	1,953
		<u>11,291</u>	<u>13,654</u>
Creditors: amounts falling due within one year	20	(35,029)	(22,246)
Net current liabilities		<u>(23,738)</u>	<u>(8,592)</u>
Total assets less current liabilities		467,303	402,579
Creditors: amounts falling due after more than one year	21	(231,837)	(181,001)
		<u>235,466</u>	<u>221,578</u>
Provisions for liabilities			
Pension liability	24	(1,284)	-
Total net assets		<u>234,182</u>	<u>221,578</u>
Reserves			
Share capital	23	-	-
Revenue reserve		234,182	221,578
Total reserves		<u>234,182</u>	<u>221,578</u>

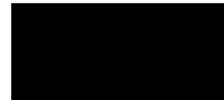
These financial statements were approved by the Board on 17 August 2023 and were signed on its behalf on 21 September 2023 by:



Alastair Murray
Chair



Helen Howden
Board Member



Anthony Allison
Secretary

The notes on pages 21 to 43 form part of these financial statements.

Charity registration number SC034572.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2023 £'000	2022 £'000
Net cash generated from operating activities	26	23,391	16,381
Cash flow from investing activities			
Improvement of properties – housing stock	15	(6,316)	(6,560)
New build		(44,811)	(22,613)
Purchase of other fixed assets	16	(4,155)	(454)
Proceeds from disposal of properties	10	1,374	2,321
Grants received	21	26,617	14,873
Grants paid	21	(345)	-
Finance income	11	11	-
		<u>(27,625)</u>	<u>(12,433)</u>
Cash flow from financing activities			
Finance charges		(7,590)	(6,979)
Cash acquired on business combination		937	-
Financing draw down		15,500	2,000
Repayment of loan		<u>(4,000)</u>	<u>-</u>
		4,847	(4,979)
Net change in cash and cash equivalents		613	(1,031)
Cash and cash equivalents at 1 April		1,953	2,984
Cash and cash equivalents at 31 March		<u>2,566</u>	<u>1,953</u>

The notes on pages 21 to 43 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****1. Legal status**

Wheatley Homes East Limited ("WHE", "Wheatley Homes East" or "the Association") is a wholly owned subsidiary of The Wheatley Housing Group ("WHG" or "the Group"). WHE is registered under the Co-operative and Community Benefit Societies Act 2014 No.1823R(S) and is a registered Scottish charity No.SC034572. WHE is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principal activity of the Association is the provision of social housing. Wheatley Homes East is a Public Benefit Entity. The registered office is 8 New Mart Road, Edinburgh, EH14 1RL.

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. 2022/23 has been a particularly challenging year managing a number of economic conditions including sustained high inflation rates and bank interest. 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 and budget and business plan scenarios have been updated to take account of potential future changes in rent increases;
- The property market – budget and business plan scenarios have taken account of delays, rising costs, productivity and labour shortages, and reprofiled new build handovers.

**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, 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 – current available cash of £2.6m and access to undrawn loan facilities arranged through WFL1 of £270.3m, which are available to Wheatley Homes East and certain 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 are satisfied the Group and Association will 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;
- 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, grants and other income.

Income from social lettings, service charges, factoring, market and commercial rental activities is recognised when it is receivable. Grant income is recognised when any associated performance conditions have been met.

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 and shared ownership

Expenditure on housing accommodation, supported housing and shared ownership is allocated on the basis of the number of units for each type of accommodation, except for staffing and running costs for which the level of expenditure is directly attributable.

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.

Deposits and liquid resources

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

Pensions

WHE previously participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") Defined Benefit Pension Scheme. The scheme is now closed, with members transferring to the SHAPS Defined Contribution Scheme on 1 April 2014. Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)****2. Accounting policies (continued)**

In accordance with FRS 102, the WHE's share of the scheme assets and liabilities have been separately identified and are included in the Statement of Financial Position and 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. WHE's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension schemes.

Since the closure of the SHAPs Defined Benefit Pension Scheme, new members are enrolled in a defined contribution scheme administered by Friends Life.

Fixed assets – housing properties

In accordance with the Housing 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

Social housing properties are valued annually on an Existing Use Value for Social Housing ("EUUV-SH") basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that results 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.

• 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.

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>
Land	n/a
Structure & roofs	50 yrs
Bathroom	25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works & common areas	20 yrs
Kitchen	20 yrs
Mechanical, electrical & plumbing	25 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.

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

2. Accounting policies (continued)

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

• New build

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

The 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

Mid-market rent properties are 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.

Mid-market rent properties owned by the Association are currently leased to and managed by Lowther Homes Limited on arms' length commercial terms.

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 that 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)****2. Accounting policies (continued)**

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.

Shared ownership

Shared ownership properties are split between fixed assets and current assets. The allocation is determined by the percentage of the property to be sold under a first tranche disposal which is recorded as a current asset under Stock. The balance is recorded as social housing stock within fixed assets. Proceeds from a first tranche disposal are recorded as turnover, and costs through operating expenditure in the Statement of Comprehensive Income. Subsequent disposals are treated as a disposal of a fixed asset and are recorded through gain/loss on disposal of fixed assets.

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>
Furniture, fittings and office equipment (cost)	5 – 10 yrs
Office improvements (cost)	10 yrs
Computer equipment (cost)	3 - 5 yrs
Solar panels (cost)	25 yrs
Office premises (valuation)	40 yrs

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

Provisions

WHE 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

WHE 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 WHE 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

WHE 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**

	Turnover	2023 Operating costs	Other gains/ (losses)	Operating Surplus	2022 Operating Surplus
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	50,979	(30,135)	-	20,844	8,094
Other activities (note 5)	7,570	(5,266)	-	2,304	3,193
Gain on business combination (note 9)	-	-	20,202	20,202	-
Loss on investment properties (note 17)	-	-	(1,757)	(1,757)	(361)
Total	58,549	(35,401)	18,445	41,593	10,926
Total for previous reporting period	41,921	(30,634)	(361)	10,926	

**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	Supported Housing £'000	Shared Ownership £'000	2023 Total £'000	2022 Total £'000
Rent receivable net of service charges	28,519	2,417	995	31,931	28,510
Service charges	1,417	730	272	2,419	2,422
Gross income from rents and service charges	29,936	3,147	1,267	34,350	30,932
Less rent losses from voids	(413)	(133)	-	(546)	(452)
Net income from rents and service charges	29,523	3,014	1,267	33,804	30,480
Grants released from deferred income	16,420	31	-	16,451	3,759
Revenue grants from Scottish Ministers	324	400	-	724	362
Other revenue grants	-	-	-	-	133
Total turnover from affordable letting activities	46,267	3,445	1,267	50,979	34,734
Management and maintenance administration costs	(3,906)	(1,366)	(270)	(5,542)	(5,810)
Service costs	(1,984)	(120)	(108)	(2,212)	(2,250)
Planned and cyclical maintenance including major repairs costs	(3,313)	(211)	(180)	(3,704)	(3,056)
Reactive maintenance costs	(6,214)	(372)	(337)	(6,923)	(5,294)
Bad debts – rents and service charges	(269)	(16)	(15)	(300)	(246)
Depreciation of affordable let properties	(10,289)	(608)	(557)	(11,454)	(9,984)
Operating costs for affordable letting activities	(25,975)	(2,693)	(1,467)	(30,135)	(26,640)
Operating surplus/(deficit) for affordable letting activities	20,292	752	(200)	20,844	8,094
Operating surplus/(deficit) for affordable letting activities for the previous reporting period	7,935	424	(265)	8,094	

**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	-	237	237	(1,433)	(1,196)	(515)
Investment property activities	-	2,850	2,850	-	2,850	2,159
Other income	-	4,472	4,472	(3,028)	1,444	1,729
Factoring	-	11	11	-	11	41
Depreciation – Non Social Housing	-	-	-	(794)	(794)	(221)
Organisation Restructuring	-	-	-	(11)	(11)	-
Total from other activities	-	7,570	7,570	(5,266)	2,304	3,193
Total from other activities for the previous reporting period	-	7,187	7,187	(3,994)	3,193	

6. Board members' emoluments

Board members received £467 (2022: £41) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in the Association.

7. Employees- Key Management Emoluments

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**7. Employees – Key Management Emoluments (continued)**

	2023	2022
	£ 000	£ 000
Aggregate emoluments payable to key management	176	143

(excluding pension contributions)

During the periods the key management's emoluments (excluding pension contributions) fell within the following band distributions:

More than £nil but not more than £10,000	-	1
More than £20,000 but not more than £30,000	5	4
More than £30,000 but not more than £40,000	2	-
More than £40,000 but not more than £50,000	-	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 £32k (2022: £27k) 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

8. Employees

	2023	2022
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	205	201
The average total number of employees employed during the year was	247	247

**NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2023 (continued)****8. Employees (continued)**

	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	9,155	7,891
Social security costs	978	861
Employer's pension costs	513	882
FRS 102 pension adjustment	(430)	(404)
	<u>10,216</u>	<u>9,230</u>

In addition to the above staff costs the Association incurred agency staff costs of £230k during the year (2022: £180k).

9. Gain on business combination

In the financial year ended 31 March 2023, following a successful tenant ballot assets and liabilities of West Lothian Housing Partnership were subject to a transfer of engagements to Wheatley Homes East on 4 September 2022, resulting in a gain on business combination of £20,202k.

	2023 £'000	2022 £'000
Gain on business combination	20,220	-
Loss on transfer of SHAPS pension from WLHP	(18)	-
	<u>20,202</u>	<u>-</u>

The following amounts were transferred from West Lothian Housing Partnership in the financial year ended 31 March 2023:

	£000
Fixed assets	59,708
Current assets	1,645
Current liabilities	<u>(41,133)</u>
Net current assets	(39,488)
Transfer of SHAPS DB Pension	<u>(18)</u>
	<u>20,202</u>

10. Gain on disposal of fixed assets

This represents net income from the disposal of fixed assets.

	2023 £'000	2022 £'000
Proceeds from disposal of properties	1,374	2,321
Value of properties disposed	<u>(727)</u>	<u>(782)</u>
Gain on sale of fixed assets	<u>647</u>	<u>1,539</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)****11. Finance income**

	2023	2022
	£'000	£'000
Interest on bank deposits	11	-
	<u>11</u>	<u>-</u>

12. Finance charges

	2023	2022
	£'000	£'000
Interest on bank borrowings	655	1,009
Interest on intra group loans	6,028	5,472
Net interest charge on pension liability (note 24)	24	65
Other financing costs	61	94
	<u>6,768</u>	<u>6,640</u>

Other financing costs include the amortisation of transaction costs of the Association's funding arrangements.

13. Auditor's remuneration

	2023	2022
	£'000	£'000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of these financial statements	85	33

14. Financial commitments**Capital commitments**

All capital commitments of the Association were as follows:

	2023	2022
	£'000	£'000
Expenditure contracted for, but not provided in the financial statements	56,672	22,767
Expenditure authorised by the Board, but not contracted	26,248	6,005
	<u>82,920</u>	<u>28,772</u>

Capital commitments are funded through a combination of grant received 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 2023 WHE had total commitments under on-cancellable operating leases as follows:

	2023 £'000	2022 £'000
	Land and Buildings	Land and Buildings
Commitments falling due:		
Within one year	18	-
In the second to fifth years inclusive	72	-
Over five years	32	-
	<u>122</u>	<u>-</u>

15. Tangible fixed assets**Social Housing Properties**

	General needs £'000	Shared ownership £'000	Housing under construction £'000	Total £'000
Valuation				
At 1 April 2022	321,110	17,490	31,089	369,689
Additions	6,316	-	45,656	51,972
Transfers	29,583	-	(34,096)	(4,513)
Disposals	(139)	(125)	-	(264)
Transferred from WLHP	45,603	-	14,764	60,367
Revaluation	(34,268)	521	-	(33,747)
At 31 March 2023	<u>368,205</u>	<u>17,886</u>	<u>57,413</u>	<u>443,504</u>
Accumulated Depreciation				
At 1 April 2022	-	-	-	-
Charge for year	11,044	410	-	11,454
Disposals	(4)	(4)	-	(8)
Transferred from WLHP	779	-	-	779
Revaluation	(11,819)	(406)	-	(12,225)
At 31 March 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value – Valuation				
At 31 March 2023	<u>368,205</u>	<u>17,886</u>	<u>57,413</u>	<u>443,504</u>
At 1 April 2022	<u>321,110</u>	<u>17,490</u>	<u>31,089</u>	<u>369,689</u>
Net Book Value – Cost				
At 31 March 2023	<u>443,241</u>	<u>18,230</u>	<u>57,413</u>	<u>518,884</u>

At 1 April 2022	373,697	18,361	31,089	423,147
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

15. Tangible fixed assets (continued)

Total expenditure on repairs and capital improvements in the year on existing properties was £16,943k (2022: £14,910k). Of this, repair costs of £10,627k (2022: £8,350k) were charged to the Statement of Comprehensive Income (note 4) with capital improvement of £6,316k (2022: £6,560k) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £6,316k (2022: £6,560k) in the year include:

- £2,490k for component additions including:
 - £373k on heating system boilers;
 - £195k on internal works and common areas;
 - £42k on mechanical, electrical and plumbing;
 - £669k on structure and roofs; and
 - £742k on windows and doors.
 - £469k on bathrooms
- The remaining balance of £3,826k of additions to existing properties not associated with a specific component includes £1,025k on void improvements and £256k of medical adaptations.

Additions to housing under construction include capitalised interest costs of £0.8m (2022: £0.4m). Interest has been capitalised at the weighted average interest cost for the association of 3.90% (2022: 4.08%).

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 ("EUVS-SH"). Discount rates between 5.75-7.00% have been used depending on the property archetype (2022: 5.75-7.00 % retained stock). 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 (2023/24). Both mid-market and full market rent properties are assumed at a long term real rental income growth rate of 0.5% throughout.

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Association at 31 March 2023 is shown below:

	2023	2022
Social Housing		
General needs	6,111	5,086
Shared ownership	331	331
Supported housing	361	326
Total Units	6,803	5,743

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)****16. Other tangible fixed assets**

	Office premises £'000	Office improvements £'000	Other fixed assets £'000	Total £'000
Cost or Valuation				
At 1 April 2022	4,770	4,102	1,774	10,646
Additions	-	4,148	7	4,155
Transfer from WLHP	-	584	24	608
Revaluation	170	-	-	170
At 31 March 2023	4,940	8,834	1,805	15,579
Accumulated Depreciation				
At 1 April 2022	-	2,265	1,759	4,024
Charge for year	119	665	10	794
Transfer from WLHP	-	464	24	488
Revaluation	(119)	-	-	(119)
At 31 March 2023	-	3,394	1,793	5,187
Net Book Value				
At 31 March 2023	4,940	5,440	12	10,392
At 31 March 2022	4,770	1,837	15	6,622

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.

17. Investments**Investment Properties**

	Properties held for market rent £'000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2022	33,350	1,510	34,860
Disposals	(471)	-	(471)
Transfers	4,513	-	4,513
Revaluation taken to operating surplus	(1,877)	120	(1,757)
At 31 March 2023	35,515	1,630	37,145
Net Book Value			
At 31 March 2023	35,515	1,630	37,145
At 31 March 2022	33,350	1,510	34,860

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)****17. Investments (continued)**

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 2023 was:

	2023	2022
Mid-market rent properties		
Total Units	378	349

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.

18. Stock

	2023	2022
	£'000	£'000
Stock at maintenance depot	759	717
	<u>759</u>	<u>717</u>

19. Debtors

	2023	2022
	£'000	£'000
Due within one year:		
Arrears of rent and service charges	1,603	1,298
Adjustment to discount arrears balances with payment plans to NPV	(5)	(7)
Factoring debtors	470	541
Less: provision for bad and doubtful debts	<u>(997)</u>	<u>(796)</u>
	1,071	1,036
Prepayments and accrued income	790	616
Other debtors	5,689	7,011
Due from other group companies	416	2,321
	<u>7,966</u>	<u>10,984</u>

Amounts owed by 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 within one year**

	2023	2022
	£'000	£'000
Trade creditors	365	1,884
Accruals	7,510	3,802
Deferred income (note 21)	14,852	7,195
Rent and service charges received in advance	1,512	1,607
Other creditors	1,479	853
Tax and Social Security	257	218
Due to other group companies	9,054	6,687
	35,029	22,246

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

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

	2023	2022
	£'000	£'000
Housing loans	34,675	34,147
Due to other group companies	169,347	128,849
Deferred income	27,815	18,005
	231,837	181,001

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 Wheatley Homes East having access to an intra-group facility of £209.0m, secured on its housing stock. Interest in the year has been charged at 4.15% (2022: 4.15%).

Wheatley Homes East has a £16.5m external loan with The Housing Finance Corporation Limited ("THFC") which is repayable in October 2031. In addition, a £16.0m unsecured loan was agreed with Allia Social Impact Investments Limited in 2018/19; this is repayable in November 2028.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)****21. Creditors: amounts falling due after more than one year (continued)**

Borrowings are repayable as follows:	2023 £'000	2022 £'000
In less than one year	-	-
In more than one year but less than five years	-	-
In more than five years	204,022	162,996
	<u>204,022</u>	<u>162,996</u>

Deferred income

The deferred income balance is made up as follows:

	New Build Grant £'000	Other £'000	Total deferred income £'000
Deferred income as at 31 March 2022	24,184	1,016	25,200
Additional income received	26,484	133	26,617
Released to the Statement of Comprehensive Income	(16,420)	(314)	(16,734)
Transferred from WLHP	7,929	-	7,929
Transferred to Wheatley Foundation	-	(345)	(345)
Deferred income as at 31 March 2023	<u>42,177</u>	<u>490</u>	<u>42,667</u>

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

Deferred income to be released to the Statement of Comprehensive Income:	2023 £000	2022 £'000
In less than one year (note 20)	14,852	7,195
In more than one year but less than five years	27,815	18,005
	<u>42,667</u>	<u>25,200</u>

22. Financial instruments

	2023 £'000	2022 £'000
Financial assets:		
<u>Measured at amortised cost:</u>		
Trade debtors and accrued income	7,966	10,984
	<u>7,966</u>	<u>10,984</u>
Financial liabilities:		
<u>Measured at amortised cost:</u>		
Trade creditors and accruals	62,844	40,251
Bank loans	204,022	162,996
	<u>266,866</u>	<u>203,247</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)****23. Share capital**

	2023	2022
	£	£
Shares of £1 each issued and fully paid		
At 1 April	121	129
Issued during year	3	2
Surrendered during year	(19)	(10)
At 31 March	<u>105</u>	<u>121</u>

Each member of the Association holds one share of £1 in the Association. Share capital is non-equity and does not carry any rights to dividend payments. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

24. Pensions**Pensions Trust Scottish Housing Association Pension Scheme**

WHE participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK. WHE transferred to the SHAPS Defined Contribution scheme with effect from 1 April 2014.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A Recovery Plan was put in place to eliminate the deficit which ran to 30 September 2022.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)****24. Pensions (continued)**

The TPT benefits Review is ongoing, with legal opinion being sought on whether pre-2003 benefits should have continued to receive pension increases in line with RPI inflation, rather than being switched to CPI inflation from 2011 onwards. The choice of inflation measure can have an impact on members' benefits because RPI is generally expected to be higher than CPI. Guidance from the Court, and therefore whether any increases to members benefits will be needed, is not expected before late 2024.

Defined Benefit assets and obligations

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

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

* future salary increases assumed to be 7.0% p.a. for the first year, 3.0% in year two and 2.00% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2023, mortality assumptions are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions in 2023 and 2022 are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: male 20.5 years, female 23.0 years (2022: 21.6 and 23.9 years, respectively)
- Future retiree upon reaching 65: male 21.7 years, female 24.4 years (2022: 22.9 and 25.4 years, respectively)

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

As at 30 March 2023, Hymans Robertson's CPI assumption methodology has been updated. This adjustment has resulted in the CPI assumption being 0.1% p.a. higher compared to the assumption that would have been derived using the methodology adopted at 31 March 2022. The rationale for this is to include an allowance for high inflation since 30 September 2022.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)****24. Pensions (continued)**

<i>Movements in present value of defined benefit obligation</i>	2023	2022
	£'000	£'000
Opening defined benefit obligation	28,406	30,704
Transferred from West Lothian Housing Partnership	572	-
Expenses	26	25
Interest cost	875	624
Actuarial gains	(9,324)	(2,437)
Benefits paid	(633)	(510)
Closing defined benefit obligation	<u>19,922</u>	<u>28,406</u>

Movements in fair value of plan assets

	2023	2022
	£'000	£'000
Opening fair value of plan assets	28,488	27,520
Transferred from West Lothian Housing Partnership	554	-
Actuarial (losses)/ gain	(10,970)	894
Expected return on plan assets (excluding net interest on the defined benefit liability)	851	559
Contributions by the employer	430	25
Estimated benefits paid	(633)	(510)
Closing fair value of plan assets	<u>18,720</u>	<u>28,488</u>

Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	(82)	(82)
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Net liability	<u>(1,284)</u>	<u>-</u>
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Expense recognised in Statement of Comprehensive Income

	2023	2022
	£'000	£'000
Current service cost	(430)	-
Administration costs	26	25
Interest on defined benefit pension plan obligation	24	65
	<u>(380)</u>	<u>90</u>

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is £1,646k loss (2022: £3,249k gain).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)****24. Pensions (continued)***The fair value of the Scheme assets and the return on those assets were as follows:*

	2023	2022
	£'000	£'000
Bonds	2,138	4,130
Equities	574	5,633
Liability driven investments	7,892	6,893
Other	6,595	10,103
Property	1,401	1,559
Cash	120	170
	<u>18,720</u>	<u>28,488</u>
Actual return on plan assets	<u>(10,201)</u>	<u>1,453</u>

25. 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:

Anne McGovern

Mark Keane

Bryan Pitbladdo

Jane Menzies

Judith McGlashan

Transactions and arrear balances outstanding at 31 March 2023, are as follows:

	2023
	£'000
Rent charged during the year	23
Arrears balances outstanding at 31 March 2023	-

Other related parties

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

	Paid in the year	Year end
	£'000	Balance
		£'000
2023		
Pensions Trust Scottish Housing Association Pension Scheme	-	-

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

There were no other related party transactions during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)****26. Cash Flow Analysis**

Cash flow from operating activities	2023 £'000	2022 £'000
Surplus for the year	14,250	7,876
Less gain on business contribution	(20,202)	-
	<u>(5,952)</u>	<u>7,876</u>
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	12,248	10,205
Increase in stock	(42)	(212)
Decrease / (increase) in trade and other debtors	3,726	(484)
Increase / (decrease) in trade and other creditors	1,449	(656)
Pension costs less contribution payments	(404)	-
<u>Adjustments for investing or financing activities:</u>		
Gain on disposal of tangible fixed assets	(647)	(1,539)
Government grants utilised in the year	(16,734)	(3,759)
Interest payable	6,768	6,640
Interest received	(11)	-
Loss on investment activities	1,757	361
Reversal of decrease/ (increase) in the valuation of housing properties	21,522	(1,610)
Reversal of previous decrease in the valuation of office properties	(289)	(441)
Net cash inflow from operating activities	<u>23,391</u>	<u>16,381</u>

27. Ultimate parent organisation

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

The only group into which the results of the 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

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