



CONSOLIDATED RSL BORROWER GROUP FINANCIAL STATEMENTS

For the Year Ended

31 March 2024

**Wheatley Housing Group
RSL Borrower Group:**

Wheatley Homes Glasgow Limited
Loretto Housing Association Limited
Wheatley Homes East Limited
Wheatley Homes South Limited
West Lothian Housing Partnership Limited (non-trading)
Wheatley Development Scotland Limited
Wheatley Funding No. 1 Limited
Wheatley Group Capital plc

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	2024 £ 000	2023 £ 000
Turnover	3	368,639	382,185
Operating expenditure	3	(308,567)	(302,735)
Other (losses) / gains	8	(393)	251,214
Operating surplus		59,679	330,664
Gain on disposal of fixed assets	9	926	394
Finance income	10	638	1,806
Finance charges	11	(69,168)	(62,680)
Movement in fair value of financial instruments	12	3,689	760
(Deficit)/ surplus on ordinary activities before taxation		(4,236)	270,944
Taxation	13	(10)	(5)
(Deficit) / surplus for the financial year		(4,246)	270,939
Unrealised surplus on the valuation of housing properties		238,430	42,794
Unrealised deficit on the valuation of office properties		(1,300)	(3,897)
Actuarial loss in respect of pension schemes		(5,460)	(50,520)
Total comprehensive income for the year		227,424	259,316

All amounts relate to continuing operations.

The notes on pages 6 to 39 form part of these financial statements

**GROUP STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2024**

	Revenue Reserve £ 000	Revaluation Reserve £ 000	Total Reserves £ 000
Balance at 1 April 2022	612,157	316,413	928,570
Total comprehensive income for the year	259,316	-	259,316
Transfer of reserves for the revaluation of housing properties	(42,794)	42,794	-
Transfer of reserves for the revaluation of office properties	3,897	(3,897)	-
Transfer of reserves for Wheatley Homes South opening revaluation	(151,144)	151,144	-
Dividend received from Novantie	180	-	180
Balance at 31 March 2023	681,612	506,454	1,188,066
Total comprehensive income for the year	227,424	-	227,424
Transfer of reserves for the revaluation of housing properties	(238,430)	238,430	-
Transfer of reserves for the revaluation of office properties	1,300	(1,300)	-
Balance at 31 March 2024	671,906	743,584	1,415,490

The notes on pages 6 to 39 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2024

	<i>Notes</i>	2024 £000	2023 £000
Fixed assets			
Social housing properties	16	2,927,353	2,594,648
Other tangible fixed assets	17	78,485	71,323
Investment property	18	144,420	122,499
Investments other	19	11,940	12,073
		<u>3,162,198</u>	<u>2,800,543</u>
 Pension asset	 25	 -	 2,505
Current assets			
Stock	20	1,926	1,713
Trade and other debtors	21	62,859	58,378
Cash and cash equivalents		24,303	24,736
		<u>89,088</u>	<u>84,827</u>
Creditors: amounts falling due within one year	22	(199,513)	(142,795)
Net current liabilities		<u>(110,425)</u>	<u>(57,968)</u>
Total assets less current liabilities		3,051,773	2,745,080
 Creditors: amounts falling due after more than one year	 23	 (1,626,030)	 (1,552,012)
		<u>1,425,743</u>	<u>1,193,068</u>
Provisions for liabilities			
Pension liability	25	(7,949)	(3,042)
Provision for other liabilities	24	(2,304)	(1,960)
Total net assets		<u>1,415,490</u>	<u>1,188,066</u>
 Reserves			
Share capital		-	-
Revenue reserve		671,906	681,612
Revaluation reserve		743,584	506,454
Total reserves		<u>1,415,490</u>	<u>1,188,066</u>

The notes on pages 6 to 39 form part of these financial statements.
Company registration number SC426094.

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	<i>Notes</i>	2023 £000	2022 £000
Net cash generated from operating activities	27	156,458	135,817
Cash flow from investing activities			
Improvement of properties		(76,186)	(74,017)
Acquisition and improvement of investment properties	16	(1,094)	(524)
Construction of new properties	16	(134,569)	(94,361)
Purchase of other fixed assets		(18,672)	(21,699)
Proceeds from sale of properties	9	2,523	1,480
Grants received	23	74,072	51,959
Grants transferred		-	(345)
Finance income		532	399
		(153,394)	(137,108)
Cash flow from financing activities			
Finance charges		(66,717)	(61,743)
Dividend received		-	180
Cash received on introduction of Wheatley Homes South		-	42,534
Cash received on introduction of Wheatley Developments Scotland		-	333
Bank loan drawn down		115,000	60,000
Repayments of bank loans		(51,775)	(25,440)
Taxation		(5)	(1)
		(3,497)	15,863
Net change in cash and cash equivalents		(433)	14,572
Cash and cash equivalents at 1 April		24,736	10,164
Cash and cash equivalents at 31 March		24,303	24,736
Cash and cash equivalents at 31 March			
Cash		24,303	24,736

The notes on pages 6 to 39 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. Legal status

The financial statements report the consolidated results of Wheatley Homes Glasgow, Loretto Housing Association Limited, Wheatley Homes East Limited, Wheatley Housing South Limited, West Lothian Housing Partnership Limited (non-trading), Wheatley Development Scotland Limited, Wheatley Funding No. 1 Limited and Wheatley Group Capital plc ("RSL Borrower Group"). All are subsidiaries of the Wheatley Housing Group Limited. The financial statements do not report the full consolidated Group results for the Wheatley Housing Group Limited.

The principal activities of the RSL Borrower Group is the provision of social housing and associated housing management services. The registered office of all the RSL Borrower Group subsidiaries is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

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 RSL Borrower Group are prepared in accordance with the Companies Act 2006, applicable accounting standards, the accounting requirements included within the Determination of Accounting Requirements 2024, and under the historical cost accounting basis, modified to include the revaluation of derivative financial investments, properties held for letting, investment properties and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2014 ("SORP 2014"), issued by the National Housing Federation and under FRS 102.

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

The RSL Borrower Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2024 by the RSL Boards. 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 2023/24 has been a year where challenging economic conditions prevailed including sustained high inflation rates. These updated scenarios include severe but plausible downsides. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The RSL Boards, after reviewing the Group budgets for 2024/25 and the Group'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 has 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 set at an appropriate level to allow for customer difficulties in making payments; budget and business plan scenarios have been updated to take account of potential future changes in rent increases;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

2. Accounting policies (continued)

- Development activity – budget and business plan scenarios have taken account of fluctuating labour costs, project delays, supply chain instability and availability of grant funding would could impact the new build programme;
- 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 and increased demand;
- Investment in existing homes– forecast expenditure has been remodelled to take account of higher levels of investment spend;
- Liquidity – current available cash of £24.3m and unutilised loan facilities of £234.8m which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and
- The RSL Borrower Group’s ability to withstand other adverse scenarios such as higher interest rates and inflation.

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

Consequently, the RSL Boards are confident that the RSL Borrower Group will have sufficient funds to continue to meet its 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.

The RSL Borrower Group contains companies which are public benefit entities.

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 RSL Borrower Group’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 RSL Borrower Group's actuarial advisers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

2. Accounting policies (continued)

Basis of consolidation

The RSL Borrower Group financial statements consolidate those of the Companies in the Borrower Group drawn up to 31 March 2024. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

New companies joining the RSL Borrower Group are accounted for under section 19.6 of FRS 102, as combinations that are in substance a gift. Any gain on acquisition is recognised through the Statement of Comprehensive Income as a gain on business combination. Companies are fully consolidated from the date on which they join the RSL Borrower Group.

Related party disclosures

The RSL Borrower Group has taken advantage of the exemption, available under FRS 102, from disclosing related party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Turnover

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, grants and other income. In respect of the Group Statement of Comprehensive Income, turnover also includes factoring, care contracts and income from market and commercial rental activities.

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 and care contract income is recognised when services are delivered to customers as required under the agreement with each service commissioner.

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 SORP 2014. Prior to satisfying the performance conditions (e.g. on completion of new build properties), such grants are held as deferred income on the Statement of Financial Position.

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, except for staffing and running costs for which the level of expenditure is directly attributable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

2. Accounting policies (continued)

Financial instruments

Financial assets

The RSL Borrower Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow RSL Borrower Group companies, bond finance and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Housing loans are classed as either basic or complex financial instruments under FRS 102. Loans are provided to RSL subsidiary members of the Group by its lenders through Wheatley Funding No. 1 Limited ("WFL1"). Loans are provided to commercial subsidiaries of the Group by Wheatley Funding No. 2 Limited ("WFL2"). All arrangements are classed as basic under the requirements of FRS 102, and are measured at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

2. Accounting policies (continued)

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 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

Wheatley Homes Glasgow participates in a defined benefit pension scheme arrangement with the Strathclyde Pension Fund (“SPF”). The Strathclyde Pension Fund is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended.

The SPF (“the Fund”) provides benefits based on pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of the Funds are held separately from those of the participating entities.

Wheatley Homes Glasgow accounts for 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 defined benefit 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 respective share of Wheatley Homes Glasgow in the SPF pension fund surplus (to the extent that it is recoverable) or deficit are recognised in full. The movement in the Fund’s surplus or deficit is split between operating charges, finance items and in the Statement of Comprehensive Income under actuarial gain or loss on pension schemes..

Loretto Housing Association and Wheatley Homes East previously participated in the Pensions Trust Scottish Housing Association Pension Scheme (“SHAPS”) Defined Benefit Pension Scheme. Loretto members transferred to the SHAPS Defined Contribution Scheme on 1 July 2013 with Wheatley Homes East members transferring on 1 April 2014 and 1 September 2014 with the respective sections of the SHAPS defined benefit scheme operated by those Group subsidiaries closed from the dates noted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

2. Accounting policies (continued)

Retirement benefits to employees in SHAPs defined benefit pension scheme are funded by contributions from all participating employers and employees in the Scheme. In respect of the defined benefit element of 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. In accordance with FRS 102, the RSL Borrower Group's share of the scheme assets and liabilities has been separately identified and included in the RSL Borrower Group's 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. The RSL Borrower Group'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.

A defined contribution scheme arrangement administered by the Cushon Master Trust is available to employees in certain subsidiaries of the RSL Borrower Group. Wheatley Homes East operates a separate defined contribution scheme administered by Aviva.

Fixed assets – social housing properties

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

- **Valuation of social housing stock**

All social housing properties owned by RSL Borrower Group's companies are valued annually on an Existing Use Value for Social Housing ("EUV-SH") basis by an independent professional advisor 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 RSL Borrower Group's 30-year Business Plan which identifies the core stock which will be the subject of the RSL Borrower Group'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 that result in incremental future benefits to the landlord from the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

2. Accounting policies (continued)

- **Valuation of social housing stock (continued)**

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 RSL Borrower 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 RSL Borrower Group has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

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

	<u>Economic Life</u>
Land	not depreciated
Bathrooms	25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works and common areas	20 yrs
Kitchens	20 yrs
Mechanical, Electrical and Plumbing	25 yrs
Structure and 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 fair value after deducting costs to sell, and any write down is charged to operating surplus.

- **New Build**

Housing properties in the course of construction and land for future development is held at cost and are not depreciated. Completed new build units are transferred to completed properties when ready for letting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

2. Accounting policies (continued)

- **New Build (continued)**

The RSL Borrower Group's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including direct development staff costs; 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.

- **Properties held for demolition**

Demolition programme housing properties have a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, and so are held at nil on the Statement of Financial Position. Under FRS 102 there is no constructive obligation at the year-end to provide for these costs.

Investment properties

Housing for mid-market and market-rent is valued on an open market value subject to tenancies basis ("MV-T") at 31 March. The valuation is carried out by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation. The properties are held as investment properties not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised improvement works.

Commercial properties are held as investment properties and not subject to depreciation, they are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are re-valued at least every five years.

Changes in the valuation of investment properties are reported in the Statement of Comprehensive Income in profit or loss and disclosed within other income and gains.

New Build Grant and other capital grants

New Build Grant is received from central government and local authorities and is utilised to subsidise the costs of housing properties. New Build Grant is recognised as income in the Statement of Comprehensive Income under the performance model. In the case of new build this will be when the properties are completed. 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 provisions contained in the Housing (Scotland) Act 2010. 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 accounted for as a liability. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay is disclosed as a contingent liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

2. Accounting policies (continued)

Other tangible fixed assets

For other tangible fixed assets, 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>
Office premises (valuation)	40 yrs
District heating (cost)	30 yrs
Furniture, fittings and office equipment (cost)	5-7 yrs
Computer equipment (cost)	3-7 yrs
Community Infrastructure (cost)	20 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 at the end of each reporting period.	

Provisions

The RSL Borrower Group only provides for liabilities at the year end where there is a legal or constructive obligation incurred which will likely result in the outflow of resources.

Taxation

As charities, Wheatley Homes Glasgow, West Lothian Housing Partnership Limited, Loretto Housing Association Limited, Wheatley Homes East and Wheatley Homes South are exempt from corporation tax on their charitable activities by virtue of Section 478 Corporation Tax Act 2010 and from capital gains tax by virtue of Section 256 Capital Gains Tax Act 1992. A charge for taxation is made in the RSL Borrower Group's non-charitable companies, based on their taxable profit for the year.

Value Added Tax

The RSL Borrower Group 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 2024 (continued)**

3. Particulars of turnover, operating costs and operating surplus

Group	2024			2023	
	Turnover	Operating Costs	Other losses	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£ 000	£ 000	£ 000	£ 000	£ 000
Social lettings (note 4)	346,941	(278,761)	-	68,180	91,495
Other activities (note 5)	21,698	(29,806)	-	(8,108)	(12,045)
Gain on business combination (note 8)	-	-	-	-	258,939
Other losses (note 8)	-	-	(393)	(393)	(7,725)
Total	368,639	(308,567)	(393)	59,679	330,664
Total for previous reporting period	382,185	(302,735)	251,214	330,664	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

Group	General Needs	Supported Housing	Other	2024 Total	2023 Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Rent receivable net of service charges	292,643	10,596	1,118	304,357	292,732
Service charges	4,454	1,047	351	5,852	6,007
Gross income from rents and service charges	297,097	11,643	1,469	310,209	298,739
Less rent losses from voids	(3,585)	(314)	(1)	(3,900)	(3,439)
Net income from rents and service charges	293,512	11,329	1,468	306,309	295,300
Grants released from deferred income – new build	27,356	247	1	27,604	54,807
Revenue grants from Scottish Ministers	-	-	-	-	4,070
Other revenue grants	12,319	708	1	13,028	3,641
Total turnover from social letting activities	333,187	12,284	1,470	346,941	357,818
Management and maintenance administration costs	(56,381)	(2,731)	(298)	(59,410)	(65,442)
Service costs	(9,175)	(524)	(127)	(9,826)	(7,465)
Planned and cyclical maintenance including major repairs costs	(30,345)	(1,087)	(242)	(31,674)	(32,191)
Reactive maintenance costs	(75,751)	(2,237)	(411)	(78,399)	(65,350)
Bad debts – rents and service charges	(2,180)	(70)	(13)	(2,263)	(3,036)
Depreciation of social housing	(93,393)	(3,360)	(436)	(97,189)	(92,839)
Operating costs from social letting activities	(267,225)	(10,009)	(1,527)	(278,761)	(266,323)
Operating surplus/ (deficit) from social lettings	65,962	2,275	(57)	68,180	91,495
Operating surplus/ (deficit) from social lettings for the previous reporting period	88,836	2,847	(188)	91,495	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

5. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities Costs

Group	Grants From Scottish Ministers £ 000	Other Income £ 000	Supporting People Income £ 000	Total Turnover £ 000	Total Operating £ 000	2024 Operating Surplus /(Deficit) £ 000	2023 Operating Surplus /(Deficit) £ 000
Wider role activities to support the community	-	1,466	-	1,466	(7,692)	(6,226)	(12,793)
Care activities	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	11
Investment Property	-	11,612	-	11,612	(404)	11,208	9,820
Support activities	-	3,077	-	3,077	(2,893)	184	816
Owners' improvement activities	-	-	-	-	-	-	-
Demolition activities	-	-	-	-	(155)	(155)	(1,316)
Other income	-	5,391	-	5,391	(3,655)	1,736	3,575
Depreciation – Non Social Housing Organisation	-	-	-	-	(10,180)	(10,180)	(9,390)
Restructuring	-	-	-	-	(4,768)	(4,768)	(3,173)
Development & Construction of Property Activities	-	152	-	152	(59)	93	405
Total from other activities	-	21,698	-	21,698	(29,806)	(8,108)	(12,045)
Total from other activities for the previous reporting period	-	24,367	-	24,367	(36,412)	(12,045)	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

6. Officers' emoluments

	2024	2023
	£000	£000
Aggregate emoluments payable to key management in post at 31 March (excluding pension contributions)	837	1,106

Emoluments payable to the Chief Executive:

	2024	2023
	£000	£000
Steven Henderson (from 1 February 2023)		
Emoluments payable	80	29
Employer pension contributions	15	6
Donations made by Steven Henderson to The Wheatley Foundation	-	(20)
Total Steven Henderson	<u>95</u>	<u>15</u>

	2023
	£000
Martin Armstrong (in post to 31 January 2023)	
Emoluments payable	282
Employer pension contributions	<u>53</u>
Total Martin Armstrong	<u>335</u>

The post of Chief Executive was previously held by Martin Armstrong. In 2023, the donation by Steven Henderson to the Wheatley Foundation was used to support customers with food, fuel and rent costs during the year.

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

	2024	2023
	No.	No.
More than £80,000 but not more than £90,000	1	-
More than £130,000 but not more than £140,000	-	2
More than £140,000 but not more than £150,000	1	2
More than £150,000 but not more than £160,000	4	1
More than £190,000 but not more than £200,000	-	1
More than £200,000 but not more than £210,000	-	1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

6. Officers' emoluments (continued)

The key management are defined for this purpose as the Chief Executive and the Group Executive team in post at 31 March 2024.

Pension contributions of £157k (2023: £204k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2024. Emoluments of £215k including pension contributions and compensation payments for loss of office of £333k were paid to former key management personnel. 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.

There were six senior officers in post at 31 March 2024.

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
Frank McCafferty	Group Director of Repairs and Assets

7. Employees

In the year to 31 March 2024, the average full time equivalent number of employees of the Group, including senior officers, was 2,300 (2023: 2,307). The total number of staff employed was 2,380 (2023: 2,323).

Group	2024 £ 000	2023 £ 000
Staff costs (for the above persons)		
Wages and salaries	90,637	85,031
Holiday pay accrual movement	(87)	(372)
Social security costs	9,407	8,988
Employer's pension costs	11,272	10,155
FRS 102 Pension adjustment	1,970	9,148
	<u>113,199</u>	<u>112,950</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

8. Other losses

	2024 £'000	2023 £'000
<i>Revaluation of investment properties:</i>		
Valuation movement (note 18)	(393)	(7,725)
<i>Gain on business combination:</i>		
Gain on business combination – Strathclyde Camphill	-	466
Gain on business combination – Wheatley Housing South	-	257,692
Gain on business combination – Wheatley Development Scotland	-	781
Other losses	(393)	251,214

Loss on revaluation of investment properties:

A loss of £393k (2023: £7,725k) has been recognised on the annual revaluation of investment properties. On completion of new-build investment properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the grant income relating to the properties to be recognised through profit or loss under the performance model. On the first formal annual valuation after completion, the results of the initial valuation are compared against the gross new-build development costs held in the Statement of Financial Position; this requirement results in an initial non-cash accounting loss being reported on investment properties.

Gain on business combination

Recognised in the Statement of Comprehensive Income in the financial year ending 31 March 2023 is the following :

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.

Wheatley Homes South and Wheatley Developments Scotland both joined the RSL Borrower Group on 1 April 2022 resulting in a gain on the recognition of the net assets of Wheatley Homes South activities of £257.7m and £0.8m respectively.

9. Gain on disposal of fixed assets

This represents net income from the sale of properties including Shared Ownership sales.

	2024 £ 000	2023 £ 000
Proceeds from disposal of properties	2,523	1,480
Value of properties disposed	(1,597)	(1,086)
Surplus on sale of fixed assets	926	394

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

10. Finance income

	2024	2023
	£ 000	£ 000
Bank interest receivable on deposits in the year	542	363
Net return on pension asset	96	1,443
Total	<u>638</u>	<u>1,806</u>

11. Finance charges

	2024	2023
	£ 000	£ 000
Interest payable	65,697	59,619
Other financing costs	1,454	1,269
Amortisation of discount on convertible loan	(179)	(162)
Amortisation of interest on contingent efficiencies grant	2,051	1,919
Net cost on pension	145	35
Total	<u>69,168</u>	<u>62,680</u>

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

Interest of £3.4m (2023: £2.4m) has been capitalised at a weighted average interest rate of 4.64% (2023: 3.90%). The rate is specific to the funding drawn in the year and invested in housing under construction.

12. Movement in fair value of financial instruments

	2024	2023
	£ 000	£ 000
Movement in the Scottish Government loan	3,684	769
Movement in discount to arrears balances (note 21)	5	(9)
	<u>3,689</u>	<u>760</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

13. Tax on surplus on ordinary activities

	2024 £000	2023 £000
Total tax expense recognised in the Statement of Comprehensive Income:		
<u>Current tax:</u>		
Current tax on income for the year	10	5
Adjustment in respect of prior periods	-	-
	<u>10</u>	<u>5</u>
<u>Deferred tax:</u>		
Origination and reversal of timing differences	-	-
Effects of changes in tax rates	-	-
Adjustment in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Total Tax	<u>10</u>	<u>5</u>

The charitable status of Wheatley Homes Glasgow, Wheatley Homes East, West Lothian Housing Partnership, Loretto Housing Association and Wheatley Homes South means that no corporation tax is payable on their activities. Tax is payable on the profits from the activities of the RSL Borrower Group's other non-charitable subsidiary companies.

Factors affecting the tax charge for the current period

	2024 £000	2023 £000
Reconciliation of effective tax rate		
(Deficit) / surplus for the year	(4,246)	270,939
Transfer of Wheatley Homes South	-	(257,692)
Transfer of Wheatley Developments Scotland	-	(781)
Total tax expense	<u>10</u>	<u>5</u>
(Deficit) / surplus excluding taxation	(4,236)	12,471
Tax using the UK corporation tax rate of 25% (2023:19%)	(1,059)	2,370
Effects of:		
Charitable (profits) / losses not subject to tax	2,237	(2,150)
Qualifying charitable donations	(1,168)	(215)
Under provision in prior year	-	-
Expenses not deductible	-	-
Tax rate changes	-	-
Gain on disposal of chargeable assets	-	-
Effect of indexation allowance on chargeable gains	-	-
Total tax expense included in Statement of Comprehensive Income	<u>10</u>	<u>5</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

14. Auditor's remuneration

	2024	2023
	£'000	£'000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of financial statements of subsidiaries pursuant to legislation	454	420

15. Financial commitments

Capital commitments

All capital commitments of the RSL Borrower Group were as follows:

	2024	2023
	£000	£000
Expenditure contracted for, but not provided in the financial statements	149,394	117,636
Expenditure authorised by the Board but not contracted	51,941	52,398
	201,335	170,034

The RSL Borrower Group has access to sufficient funding through cash or bank lending facilities to meet the capital commitments.

Operating leases

At 31 March the RSL Borrower Group had commitments under non-cancellable operating leases as follows:

	2024 Land and Buildings	2024 Other	2023 Land and Buildings	2023 Other
	£000	£000	£000	£000
Operating lease payments due:				
Within one year	1,269	1,417	529	140
In the second to fifth years inclusive	2,103	109	1,186	235
Over five years	1,086	-	1,185	-
	4,458	1,526	2,900	375

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

16. Fixed assets – Social Housing Properties

	Core Stock £ 000	Housing Under Construction £ 000	Shared Owner- ship £ 000	Total £ 000
At Valuation				
At 1 April 2023	2,459,954	115,359	19,335	2,594,648
Transfer from other investments	-	133	-	133
Additions	75,906	139,028	-	214,934
Disposals	(1,561)	(230)	(57)	(1,848)
Transfers	44,799	(67,533)	-	(22,734)
Revaluation	139,963	-	2,257	142,220
At 31 March 2024	2,719,061	186,757	21,535	2,927,353
Depreciation				
At 1 April 2023	-	-	-	-
Charge for year	(96,043)	-	(427)	(96,470)
Disposals	259	-	1	260
Revaluation	95,784	-	426	96,210
At 31 March 2024	-	-	-	-
Net Book Value - valuation				
At 31 March 2024	2,719,061	186,757	21,535	2,927,353
At 31 March 2023	2,459,954	115,359	19,335	2,594,648
Net Book Value – historic cost equivalent				
At 31 March 2024	2,536,779	186,757	17,427	2,740,963
At 31 March 2023	2,513,419	115,359	17,910	2,646,688

Total expenditure on repairs and capital improvements in the year on existing properties was £186.0m (2023: £172.7m). Of this, repair costs of £110.1m (2023: £97.5m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £75.9m (2023: £75.2m) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £75.9m (2023: £75.2m) in the year include:

- £37.6m for component additions including:
 - £2.0m on external wall finishes;
 - £12.9m on energy efficient heating system and boilers;
 - £3.0m on internal works and common areas;
 - £3.0m on kitchens and bathrooms;
 - £8.4m on mechanical, electrical and plumbing;
 - £4.2m on structure and roofs; and
 - £4.1m on windows and doors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

16. Fixed assets – Social Housing Properties (continued)

- The remaining balance of £38.3m of additions to existing properties not associated with a specific component includes £20.2m on void improvements and £5.2m of medical adaptations, £12.9m on capitalised repairs.

All subsidiaries in the RSL Borrower Group account for social housing properties at valuation. Additions to housing under construction include capitalised interest costs of £3.4m (2023: £2.4m). Interest has been capitalised at the weighted average interest cost for the RSL Borrower Group of 4.64% (2023: 3.90%).

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the RSL Borrower Group's demolition programme, as detailed in the RSL Borrower Group's 30-year Business Plan for 2023/24. The demolition programme identifies 814 (2023: 793) 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 Existing Use for Valuation – Social Housing ("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 year-end date to provide for these costs.

The RSL Borrower Group's social housing properties, have been valued by Jones Lang LaSalle Limited, an independent professional advisers qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. The valuations were prepared in accordance with the appraisal and valuation manual of the RCIS at 31 March 2024 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 (2023: 5.75 - 7.00 % retained stock). The valuation assumes a real rental income increase of 0.5% for the first year, followed by long-term real rental growth of 1.0% per annum for the Social Rented units, in line with the Association's 30-year Business Plan. Both mid-market and full market rent properties are assumed at a long-term real rental income growth of 0.50% 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.

Included in core stock are 966 garages and 1,200 parking sites owned by Wheatley Homes South held at a value of £3.9m (2023: £3.9m). These have been valued at market value subject to tenancy ("MV-T"), the Directors consider the difference between EUV-SH and MV-T for these properties to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

16. Fixed assets – Social Housing Properties (continued)

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

	2024	2023
Social Housing		
General needs	59,687	59,457
Shared ownership	358	359
Supported housing	1,853	1,887
Housing held for long-term letting	61,898	61,703
Housing approved/planned for demolition	814	793
Total Units	62,712	62,496

17. Fixed assets - other tangible fixed assets

	Community Infra- structure	Office Premises £ 000	District Heating £ 000	Furniture, fittings and equipment £ 000	Computer Equipment £ 000	Total £ 000
Cost						
At 1 April 2023	22,215	17,926	11,587	46,945	71,405	170,078
Additions	5,501	1,308	852	2,953	8,043	18,657
Disposals	-	-	-	(36)	-	(36)
Revaluation	-	(2,069)	-	-	-	(2,069)
At 31 March 2024	27,716	17,165	12,439	49,862	79,448	186,630
Depreciation						
At 1 April 2023	(4,098)	-	(4,352)	(37,674)	(52,631)	(98,755)
Charge for year	(1,225)	(769)	(321)	(2,061)	(5,805)	(10,181)
Disposals	-	-	-	22	-	22
Revaluation	-	769	-	-	-	769
At 31 March 2024	(5,323)	-	(4,673)	(39,713)	(58,436)	(108,145)
Net Book Value						
At 31 March 2024	22,393	17,165	7,766	10,149	21,012	78,485
At 31 March 2023	18,117	17,926	7,235	9,271	18,774	71,323

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

18. Investments

Investment properties

Group	Properties held for market rent £ 000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2023	108,329	14,170	122,499
Additions	280	15	295
Transfer from core stock	22,734	-	22,734
Disposals	(470)	(245)	(715)
Revaluation	(817)	424	(393)
At 31 March 2024	130,056	14,364	144,420
Net Book Value			
At 31 March 2024	130,056	14,364	144,420
At 31 March 2023	108,329	14,170	122,499

Market rent properties, were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, Jones Lang LaSalle, on 31 March 2024.

The number of properties held for market rent by the RSL Borrower Group at 31 March were:

	2024	2023
Market Rent Properties		
Total Units	1,404	1,309

The RSL Borrower Group's commercial properties, were valued by an independent professional advisor, Jones Lang LaSalle, on 31 March 2024 in accordance with the appraisal and valuation manual of the RICS.

In determining the valuation of investment properties, it is assumed that there are no restrictions on the ability to realise the investment properties or the remittance of income and proceeds of disposal. There are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

19. Investments –other

	2024 £'000	2023 £'000
Investment in Wheatley Group undertaking	11,940	12,073

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

20. Stock

Group	2024 £ 000	2023 £ 000
Stock at maintenance depot	1,926	1,713

Stock at maintenance depot relates to consumable parts in relation to our repairs and investment service for our subsidiaries in the east and south of the country.

21. Debtors

	2024 £ 000	2023 £ 000
Due in more than one year:		
Unsecured subordinated convertible loan	18,504	18,325
	18,504	18,325
Due within one year:		
Arrears of rent and service charges	20,370	17,859
Adjustment to discount arrears balances with payment plans (note 12)	(128)	(133)
Less: provision for bad and doubtful debts	(10,072)	(9,782)
	10,170	7,944
Prepayments and accrued income	7,786	7,007
Other debtors	20,692	17,811
Due from Wheatley Group undertakings	5,707	7,291
Total	62,859	58,378

Within debtors net rent arrears were £10.2m (2023: £7.9m), after taking account of the bad debt provision of £10.1m (2023: £9.8m). 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

22. Creditors: amounts falling due within one year

	2024	2023
	£ 000	£ 000
Amounts falling due within one year:		
Trade creditors	16,752	5,168
Accruals	46,486	55,869
Deferred income (note 23)	55,450	34,541
Rent and service charges received in advance	23,974	14,250
Salaries, wages, other taxation and social security	1,387	3,191
Corporation tax	10	5
Housing loans	33,503	16,384
Other creditors	16,429	12,570
Due to Wheatley Group undertakings	5,522	817
Total	199,513	142,795

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

	2024	2023
	£000	£000
Scottish Government loan	46,280	47,914
Housing loans	1,504,708	1,453,805
Deferred income	75,042	50,293
Total	1,626,030	1,552,012

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 (2023: £100.0m) has been received and this is an interest-free loan with repayment due in 2040/41. The amount due of £46.3m at 31 March 2024 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 £2.1m (2023: £1.9m)
- fair value movement gain of £3.7m (2023: loss of £0.8m)

Interest costs are reported within finance charges (note 11). The movement in the fair value is reported on the face of the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

Housing Loans

Registered Social Landlord's borrowing arrangements are in place via a Group funding structure which consists of bank and capital markets debt, secured on charged properties owned by RSLs within the Wheatley Housing Group. RSL Group funding was made up of a committed facility of £672.8m from a syndicate of commercial banks, two committed facilities totalling £270.7m 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 £75m charitable bond via Allia Social Impact Investments. This provided total facilities of £1,667.5m for RSLs through Wheatley Funding No.1 Limited, a wholly owned subsidiary of the Wheatley Housing Group Limited. At 31 March 2024, the RSL borrowing group comprises Wheatley Homes Glasgow, Wheatley Homes South, Wheatley Homes East and Loretto Housing Association and Wheatley Developments Scotland. West Lothian Housing Partnership Limited is non trading.

Additional separate facilities are provided through direct loans to Wheatley Homes East comprising of a committed facility from The Housing Finance Corporation of £16.5m and a £16.0m unsecured Scottish Government Charitable Bond with Allia Limited. Wheatley Homes South also has and a facility of £40.0m with The Housing Finance Corporation. The loan premium of £1,602k received on drawdown is being amortised over the life of the loan and at the 31 March 2024 stood at £978k (2023: £1,030k). A further £35.0m facility is in place with Allia under the Scottish Government Charity Bonds Programme.

Bond finance is repayable in 2044/45, and has a coupon rate of 4.375%.

Borrowings are repayable as follows:	2024 £ 000	2023 £ 000
In less than one year	33,503	16,384
Between one and five years	280,833	135,103
In more than five years	1,223,875	1,318,702
	<u>1,538,211</u>	<u>1,470,189</u>

The deferred income balance is made up as follows:

	Housing Association Grant £ 000	Other £ 000	Total Deferred Income £ 000
Deferred income as at 1 April 2023	78,370	6,464	84,834
Additional income received	73,539	533	74,072
Released to the Statement of Comprehensive Income	(27,604)	(810)	(28,414)
Deferred income as at 31 March 2024	<u>124,305</u>	<u>6,187</u>	<u>130,492</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

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

	2024	2023
Deferred income to be released to the Statement of Comprehensive Income:	£ 000	£ 000
In less than one year (note 22)	55,450	34,541
In more than one year but less than five years	75,042	50,293
In more than five years	-	-
	130,492	84,834

Financial instruments

	2024	2023
	£'000	£'000
Financial assets:		
<u>Measured at amortised cost:</u>		
Debtors and accrued income	44,355	40,053
<u>Measured at fair value:</u>		
Unsecured subordinated convertible loan	18,504	18,325
Total	62,859	58,378

	2024	2023
	£ 000	£ 000
Financial liabilities:		
<u>Measured at amortised cost:</u>		
Creditors, accruals and deferred income	241,052	176,704
Bank loans	1,538,211	1,470,189
	1,779,263	1,646,893
<u>Measured at fair value:</u>		
Scottish Government loan	46,280	47,914
Total	1,825,543	1,694,807

Income earned and expense payable on the financial assets and liabilities is disclosed in note 10 and 11 respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

24. Provisions for liabilities and charges

	Insurance £ 000	Dilapidation Provision £'000	Total £ 000
At 1 April 2023	522	1,438	1,960
Provided in the year	619	381	1,000
Utilised	(47)	(609)	(656)
At 31 March 2024	1,094	1,210	2,304

Insurance

A provision has been made 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 group entities.

25. Pensions

Strathclyde Pension Fund

The funds are part of the wider Local Government Pension Scheme ("LGPS") in Scotland. The Group subsidiary Wheatley Homes Glasgow Limited participates in the Strathclyde Pension Fund ("SPF") which is administered by Glasgow City Council and is a defined benefit scheme.

The latest full actuarial valuation was carried out as at 31 March 2023.

In preparing the formal valuation at 31 March 2023 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.

TPT Retirement Solutions - Scottish Housing Association Pension Scheme

Loretto Housing Association and Wheatley Homes East participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") defined benefit section. This is a multi-employer defined benefit scheme and is funded and contracted out of the State Pension Scheme. Loretto Housing Association Limited transferred to the SHAPS Defined Contribution scheme with effect from 1 July 2013 and Wheatley Homes East transferred on 1 April 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

25. Pensions (continued)

TPT Retirement Solutions - Scottish Housing Association Pension Scheme (continued)

As part of the transfer of engagements of West Lothian Housing Partnership to Wheatley Homes East which took place during in 2022/23, the assets and liabilities of West Lothian Housing Partnership in the SHAPs Defined Benefit scheme transferred to Wheatley Homes East. The transfer took place on 31 August 2022.

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. In the years between the three yearly actuarial valuations, the Scheme Actuary provides an annual Actuarial Report which tracks the funding progress against the Scheme's agreed funding strategy. The 30 September 2023 report confirmed the Scheme's funding level had reduced from 98% at 30 September 2021 to 90%. The Scheme Actuary is unable to predict what the funding level will be on 30 September 2024 and while deficit contributions are not currently payable, this will be reassessed as part of the 2024 valuation. We are prepared for the possibility that deficit contributions may be reintroduced should a deficit be identified at 30 September 2024. If the Scheme follows the same approach as in previous valuations these will come into effect from 1 April 2026.

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.

A review of TPT benefits 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.

Wheatley Housing Group Defined Contribution Scheme

The RSL Borrower Group also operates a defined contribution scheme through the Cushon Master Trust and Aviva. These arrangements are open to all employees who are not members of the Strathclyde Pension Fund, SHAPS defined benefit or defined contribution scheme, or any other group scheme.

Employer contributions vary pro rata with the level of contributions chosen by the individual employee member, and range from 8% to 12%. Employer contributions are capped at 12%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

25. Pensions (continued)

Group Defined Benefit assets and obligations

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

	31 March 2024	31 March 2023
Discount rate	4.80%	4.75%
Future salary increases	2.30%*	2.60%*
Inflation	2.80%	2.95%

* future salary increases assumed to be 4.50% p.a. for the first year, 2.50% in year two and 2.00% p.a. thereafter.

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.

In valuing the liabilities of the pension fund at 31 March 2024, 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 changes in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

- Current pensioner aged 65: male 20.2 years, female 22.7 years (2023: 19.3 and 22.2 years, respectively)
- Future retiree upon reaching 65: male 21.4 years, female 24.1 years (2023: 20.5 and 24.2 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

25. Pensions (continued)

Group Defined Benefit assets and obligations (continued)

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

Movements in present value of defined benefit obligation

	SPF 2024 £ 000	SHAPS 2024 £ 000
Opening defined benefit obligation	397,395	45,876
Current service cost	11,990	-
Interest cost	18,855	2,151
Loss on curtailment	-	-
Actuarial gains	34,791	(820)
Contributions by members	2,677	-
Estimated benefits paid	(17,242)	(1,457)
Expenses	-	67
Transfers in/(out)	-	-
Closing defined benefit obligation	448,466	45,817

Movements in fair value of plan assets

	SPF 2024 £ 000	SHAPS 2024 £ 000
Opening fair value of plan assets	616,845	42,834
Expected return on plan assets	29,256	2,006
Actuarial gains	40,386	(3,547)
Contributions by the employer	10,087	67
Contributions by the members	2,677	-
Estimated benefits paid	(17,242)	(1,457)
	682,009	39,903
Effects of changes in surplus not Recoverable	(235,578)	-
Closing fair value of plan assets	446,431	39,903

	SPF Value at 31 March 2024 £000	SHAPS Value at 31 March 2024 £ 000	Total 31 March 2024 £000
Present value of funded defined benefit obligations	(446,431)	(45,817)	(492,248)
Present value of unfunded defined benefit obligations	(2,035)	-	(2,035)
Fair value of plan assets	682,009	39,903	721,912
Re-measurements for change in asset ceilings	(235,578)	-	(235,578)
Net liability	(2,035)	(5,914)	(7,949)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

25. Pensions (continued)

Expense recognised in the Statement of Comprehensive Income

	SPF 2024 £ 000	SHAPS 2024 £ 000
Current service cost	7,845	-
Past service cost	4,145	-
Net interest on defined benefit obligation	(96)	145
Administration costs	-	67
	11,894	212

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is a £5,460k loss (2023: £50,520k loss).

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

	2024 £ 000	2023 £ 000
Equities	406,502	379,211
Corporate bonds	185,423	174,886
Property	70,186	64,905
Alternatives	23,744	27,120
Cash	36,057	13,639
	721,912	659,761
Actual return on plan assets	68,101	(31,153)

26. Related party transactions

The company retains a register of Directors' interests. During the year there were no interests in related parties that require to be disclosed or declared by Directors.

Tenant and factored homeowners Directors

The following Directors are tenants of Wheatley Homes Glasgow 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 – tenant of Wheatley Homes Glasgow

John McCraw from 27 September 2023 – tenant of Wheatley Homes South

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

26. Related party transactions (continued)

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

	2024
	£ 000
Rent charged during the year	8
Arrears balances outstanding at 31 March 2024	-

Other related parties

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

	Invoiced/paid in the year £ 000	Year end balance £ 000
2024		
City Building (Glasgow) LLP	103,286	(5,165)
Strathclyde Pension Fund	10,087	-
TPT Retirement Solutions – Scottish Housing Association Pension Fund	72	-
Transforming Communities Glasgow	-	-
Barmulloch Community Development to 22 November 2023	-	-
Scotcash CIC	-	-

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

The Wheatley Housing Group Limited has a 50:50 share in City Building (Glasgow) LLP with Glasgow City Council. The joint venture provides repairs and investment services to the Group subsidiaries in the west of Scotland.

During the year Wheatley Housing Glasgow held nomination rights to a directorship of Transforming Communities: Glasgow ("TC:G"). Bernadette Hewitt served as a Wheatley Homes Glasgow nominated director on the board of TC:G until 22 November 2023. Maureen Dowden served as a Wheatley Homes Glasgow nominated director on the board of TC:G from 22 November 2023. Bryan Duncan served as a nominated director during the year.

During the year Wheatley Housing Glasgow held nomination rights to a directorship of Scotcash CIC. These rights allow Wheatley Homes Glasgow to nominate up to two directors to the board of Scotcash with Pauline Turnock and David Rockliff serving on the board during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

27. Cash Flow Analysis

Reconciliation of surplus/ (deficit) to net cash inflow from operating activities

	2024	2023
	£ 000	£ 000
(Deficit) / surplus for the year	(4,246)	270,939
Depreciation of tangible fixed assets	107,369	102,229
Increase in stock	(213)	(301)
(Decrease) / increase in debtors	(4,479)	14,798
Increase / (decrease) in creditors and provisions	20,235	(10,659)
Pensions costs less contributions payable	1,903	9,207
Adjustment for investing or financing activities:		
Gain from the sale of tangible fixed assets	(926)	(394)
Taxation	(5)	1
Grants utilised in the year	(28,414)	(58,903)
Interest receivable	(638)	(1,806)
Interest payable	69,168	62,680
Movement in fair value of financial instruments	(3,689)	(760)
Loss on investment activities	393	7,725
Gain on business combination - Wheatley Homes South	-	(257,692)
Gain on business combination – Strathclyde Camphill	-	(466)
Gain on business combination – Wheatley Developments Scotland	-	(781)
Net cash inflow from operating activities	156,458	135,817

28. Subsidiary and associated undertakings

The ultimate parent company of the companies in the RSL Borrower Group is Wheatley Housing Group Limited. The RSL Borrower Group is comprised of, Wheatley Homes Glasgow Limited, West Lothian Housing Partnership Limited (non-trading), Loretto Housing Association Limited, Wheatley Housing East Limited, Wheatley Homes South Limited and Wheatley Development Scotland Limited, Wheatley Funding No.1 Limited, and Wheatley Group Capital plc. The immediate parent of Wheatley Group Capital plc is Wheatley Funding No.1 Limited.

Wheatley Housing Group Limited retains constitutional control of all subsidiary undertakings.

The objective of Wheatley Funding No.1 Limited is the provision of finance to the Registered Social Landlords in RSL Borrower Group. Wheatley Funding No.1 Limited is the parent of Wheatley Group Capital plc, the vehicle for raising bond financing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

28. Subsidiary and associated undertakings (continued)

For the year ending 31 March 2024 the West Lothian Housing partnership Limited was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies with Wheatley Housing Group Limited, as the parent undertaking, providing a guarantee under section 479C.

The legal form and share capital of each RSL Borrower Group subsidiary of the Wheatley Housing Group Limited is as follows:

Subsidiary	Legal status	Issued share capital
Wheatley Homes Glasgow Limited	Co-operative and Community Benefit Society	12 x £1 shares
Wheatley Homes East Limited	Co-operative and Community Benefit Society	129 x £1 shares
Loretto Housing Association Limited	Co-operative and Community Benefit Society	73 x £1 shares
West Lothian Housing Partnership Limited (non-trading)	Company Limited by Guarantee	No share capital
Wheatley Housing South Limited	Company Limited by Guarantee	No share capital
Wheatley Development Scotland Limited	Company Limited by shares	2 x £1 shares
Wheatley Funding No.1 Limited	Company Limited by Guarantee	No share capital
Wheatley Group Capital plc	Public Company Limited by shares	12,500 x £1 shares

The immediate parent company exercises its functions as parent of the entities listed above through ownership of 100% of the share capital in all Companies Limited by Shares, through the ownership of a parent share with controlling rights in all Co-operative and Community Benefit Societies, and through a controlling interest as a member of the Companies Limited by Guarantee. Transactions between wholly-owned RSL Borrower Group companies and closing balances do not require to be disclosed under FRS 102.

SUPPLEMENTARY INFORMATION

Secretary and Registered Office

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

Independent Auditor

KPMG LLP
319 St Vincent Street
Glasgow G2 5AS

Banker

Royal Bank of Scotland
Glasgow Corporate Office
4th Floor,
110 Queen Street,
Glasgow G1 3BX