



WELLHOUSE HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

WELLHOUSE HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVE OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2024

MANAGEMENT COMMITTEE

Maureen Morris	Chair
Darron Brown	Vice-Chair
Michelle Harrow	Committee Member
Jane Heppenstall	Committee Member
Gordon Kerr	Committee Member
Anna Dukova	Committee member
Graeme Wetherill	Committee Member (resigned 24 May 2023)
David Gebbie	Co-opted Member (appointed 1 February 2024)
Lauren Herd	Co-opted Member (appointed 1 February 2024)
Mary Cawley	Casual Member (appointed 11 March 2024)
Felix Lynn	Casual Member (appointed 19 March 2024)
Leeann Brown	Co-optee (resigned 11 March 2024)
Helen Lafferty	Committee Member (resigned 12 March 2024)

EXECUTIVE OFFICERS

Martin Wilkie-McFarlane	Director & Secretary
William Black	Assets & Maintenance Manager
James Wilson	Housing & Customer Services Manager
Robert Murray	Finance & Corporate Services Manager (resigned 20 December 2023)
Bruce West	Finance & Corporate Services Manager (appointed 15 February 2024)

REGISTERED OFFICE

The Hub
49 Wellhouse Crescent
Glasgow
G33 4LA

EXTERNAL AUDITOR

Azets Audit Services
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

INTERNAL AUDITOR

Wylie & Bisset
168 Bath Street
Glasgow
G2 4TP

BANKERS

Clydesdale Bank plc
49 Main Street, Baillieston,
Glasgow
G69 6SQ

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

WELLHOUSE HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
Report of the Management Committee (incorporating the Strategic Report)	1-9
Report of the Auditor to the Management Committee on Internal Financial Control	10
Independent Auditor's Report to the Members on the Financial Statements	11-15
Statement of Comprehensive Income	16
Statement of Changes in Capital and Reserves	17
Statement of Financial Position	18
Statement of Cash Flows	19
Notes to the Financial Statements	20-43

Registration information

Financial Conduct Authority	Registered number 2469R(S)
Registered Housing Association No:	HAC281
Scottish Charity Number	SC036552

WELLHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

The Management Committee presents its report (incorporating the Strategic Report) and the audited financial statements for the year ended 31 March 2024.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No 2469R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036552. The Association was incorporated in Scotland.

Strategic Report

Business Profile

Wellhouse Housing Association (referred to as “Wellhouse” or “WHA”) is an independent social business that operates exclusively in the Wellhouse area of Easterhouse. We are a not-for-profit organisation, meaning that we reinvest any surpluses we make for the benefit of our customers instead of distributing them to shareholders.

WHA has the following statutory registrations:

- Office of the Scottish Charity Regulator: Registered Scottish Charity
- Scottish Housing Regulator: Registered Social Landlord
- Financial Conduct Authority: Registered Community Benefit Society
- Scottish Government: Registered Property Factor

The following graphic gives an **at a glance overview** of some of the main features of our business:

WELLHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

Community based housing association, registered in 1994

Governed by volunteer Management Committee

Owner and manager of all social rented homes in Wellhouse

Provider of comprehensive housing, estate and asset management services

82.2% tenant satisfaction rating with WHA's overall service (ARC 2023/24)

Easthall Residents Association is Community anchor organisation for Wellhouse

16 office-based staff and 4 estate management staff

Stable and capable workforce and governing body

WHA now owns and manages 794 homes, all located in Wellhouse

Also factor for 54 properties and owner of a small portfolio of 4 commercial properties

Average weekly rent for 3 apartments £83.36 in 22/23 (Scottish average £82.83)

Rent increase 3% for 23/24

3 new build projects under consideration, potential to provide circa 150/160 homes in the next 3 to 5 years

WHA is a significant business

Our turnover in 2023/24 was £4,275,104

Our operating expenditure costs were £3,623,022

21% of turnover was spent on staffing costs

Our operating surplus was 15% of annual turnover in 23/24

The net book value of our housing stock was £26m

We had £7.2m of bank loans to be repaid in the long term (at 31 March 2024)

We had cash at bank of £3.1m at 31 March 2024

Principal Activities

The principal activity of the Association is the provision and management of affordable rented accommodation.

Our Vision

Our vision is:

Wellhouse – *the Place to Be*

This simple statement expresses our vision of Wellhouse as an attractive place where people feel happy and safe, benefit from having a good home and an attractive environment and feel proud to be part of a vibrant community.

Our Values

As a charity and a community-based housing association working to deliver social benefits, our drive our behaviours and the work that we do. Our values are:

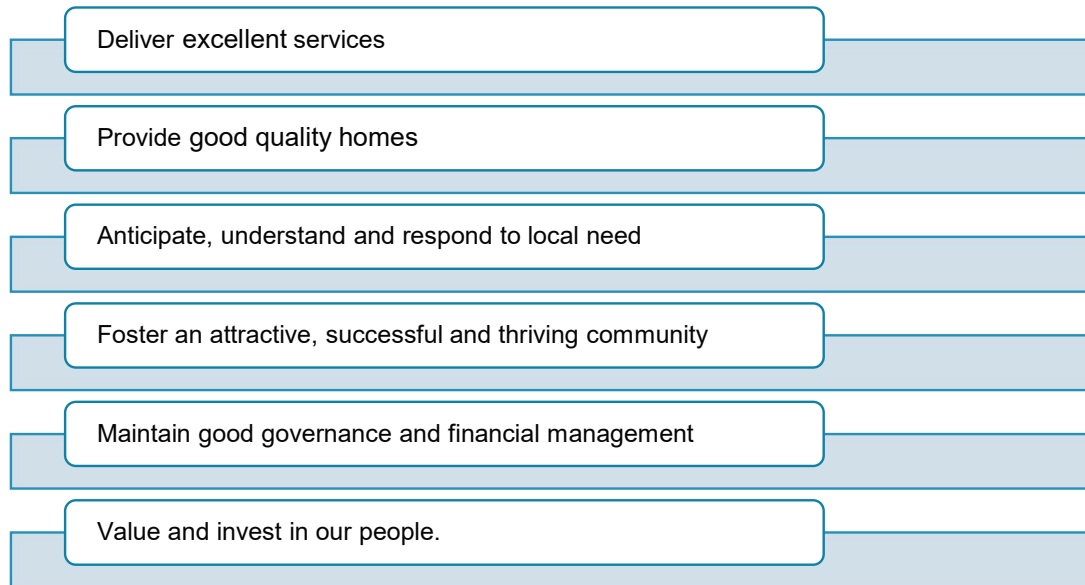


Our Strategic Objectives

Our strategic objectives are the overarching aims we have set for the current business plan, in particular the impact we want to make as a housing provider, as a partner in supporting the Wellhouse community, and in the management of our organisation.

All of the activities described in the Business Plan flow from our strategic objectives, which are set out in this Chapter and then referenced throughout the Business Plan as we describe the priorities the Management Committee has set.

Wellhouse's six strategic objectives



Our Strategic Direction

Review of Business 2023/24

1. Regulatory Engagement

- We continue to work with the Scottish Housing Regulator (SHR) in a positive and constructive manner. We submitted an assurance statement in October 2023 and all other regulatory returns timeously;
- Wellhouse is **compliant** with regulatory requirements, including the standards for governance and financial management.

Review of Business 2023/24 (cont'd)

2. Governance

The Management Committee:

- Held 9 committee meetings in the year and our AGM;
- Scheduled 17 days of internal audit days in 2023/24 conducted by Wylie Bisset, reviewing the following subjects – Annual Assurance Statement, Corporate Governance and Risk Management, Business Planning and Regulatory Compliance;
- Conducted a 9th consecutive year of committee appraisals and are acting upon continuous improvement and our approved succession planning policy;
- Added four new committee members after a skills audit in quarter 4;
- Reaffirmed our approach to equalities & diversity, extending it to embrace human rights and promoted this to tenants, applicants, staff and stakeholders; and
- Submitted our returns timeously and accurately to the SHR, OSCR and the FCA.

3. Strategic Update

3.1 Wellhouse Housing Association Executive Management: -

- Make significant progress, in partnership with Glasgow City Council and Scottish Water, with our plans in relation to flood mitigation and environmental work in order to prepare for development work;
- Worked closely with Curb6 (Link Housing Group) as our Development Agent
- Set up two design teams to take forward our plans for new housing which met monthly throughout the year;
- Received updated valuations on the Balado Road and St John Ogilvie site and had an offer accepted by the Archdiocese, subject to abnormalities;
- Focused on operations and core business;
- Published all committee minutes and reports;
- Reported on our performance to tenants;
- Refreshed our factoring service; and
- Carried out tenders for reactive repairs along with gas safety and electrical inspections contract to commence in 2024-25

WELLHOUSE HOUSING ASSOCIATION LIMITED

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2024**

Review of Business 2023/24 (cont'd)

3.2 In 2024/25, our plans include -

- Finalising the offer for the St John Ogilvie Site & making an offer for Balado Road Primary School Site and opening negotiations accordingly, subject to a full financial and risk assessment;
- Consult widely with tenants;
- Continue to explore options around estate management and bulk refuse in particular, including our in-house offer, working with the council and considering contractors;
- Work with Scottish Water to provide environmental improvements based upon the recently launched micro website and focusing on suds basins to help development plans;

Key performance indicators as reported in 2023/24 Annual Return on the Charter

KPI Brief Description	KPI Target	2023/24 Actual (ARC)
Rent Collected as % of total rent due for year	100%	97.5%
Gross Rent Arrears as % of rent due for year (Current & Former Tenants)	8%	9.3%
% of Void Rent Loss	0.60%	0.4%
Average time to complete EME repairs	4 hours	1.6 hours
Average time to complete NON-EME repairs	6 days	2.5 days
Reactive repairs carried out completed right first time	100%	99.8%

WELLHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1. Each member of the Management Committee holds one fully paid share of £1 in the Association with the exception of Co-optees to the Management Committee.

The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the members of the Management Committee and are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of the Management Committee's Responsibilities

Housing Association legislation requires the Management Committee to prepare financial statements for each individual year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ended on that date. In preparing those financial statements the Management Committee is required to;

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- Prepare a statement on internal financial control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements.

The Management Committee is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Committee is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

WELLHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2024

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement of loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Wellhouse HA's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- the Management Committee completes an annual Assurance process and submits an Assurance Statement to the Scottish Housing Regulator and was satisfied as to the financial and governance standards of the Association; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2024 and until the date these financial statements have been signed. No weaknesses were found in the internal financial control which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

WELLHOUSE HOUSING ASSOCIATION LIMITED

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2024**

Donations

During the year the Association made charitable donations of £25,886 (2023: £22,000).

Auditor

The auditor, Azets Audit Services, have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the Annual General Meeting.

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

- So far as the Committee members are aware, there is no relevant information of which the Association's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information, and to establish that the Association's auditor is aware of the information.

The Report of the Management Committee (incorporating the Strategic Report) has been approved by the Management Committee.

By order of the Management Committee



Maureen Morris

Chair

Dated: 28 August 2024

WELLHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF THE AUDITOR TO THE MANAGEMENT COMMITTEE OF WELLHOUSE HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2024

In addition to our audit of the Financial Statements, we have reviewed your statement on page 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for any non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through our enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control.



**Azets Audit Services
Statutory Auditor**

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 3 September 2024

Azets Audit Services is eligible for appointment as auditor of the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELLHOUSE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Opinion

We have audited the financial statements of Wellhouse Housing Association Limited (the 'Association') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements issued by the Scottish Housing Regulator.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Management Committee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Management Committee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELLHOUSE HOUSING ASSOCIATION
LIMITED ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 7 the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for 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 the Management Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELLHOUSE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the Association, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Association is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Association that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Association through discussions with the Management Committee members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements issued by the Scottish Housing Regulator and taxation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Management Committee and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELLHOUSE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Management Committee and relevant sub-committees;
- enquiring of the senior management team and the Management Committee as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Association's legal advisors.

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of the senior management team and the Management Committee as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

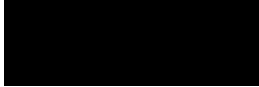
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

WELLHOUSE HOUSING ASSOCIATION LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELLHOUSE HOUSING ASSOCIATION
LIMITED ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Azets Audit Services
Statutory Auditor**

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 3 September 2024

Azets Audit Services is eligible for appointment as auditor of the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

WELLHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	Restated 2023 £
Turnover	4	4,275,104	4,132,107
Operating expenditure	4	(3,623,022)	(3,507,489)
Operating surplus	4	652,082	624,618
Interest receivable and other income	10	37,072	11,376
Interest and financing costs	11	(286,781)	(240,533)
		<u>(249,709)</u>	<u>(229,157)</u>
Surplus before tax		402,373	395,461
Taxation	12	-	-
Surplus for the year		402,373	395,461
Other comprehensive income			
Actuarial (loss)/gain in respect of pension scheme	23	(93,000)	(87,000)
Total comprehensive income for the Year		309,373	308,461

The results for the year relate wholly to continuing activities.

The financial statements were approved by the Management Committee on 28 August 2024 and signed on their behalf by:

Maureen Morris

Chair

Darron Brown

Vice-Chair

Martin Wilkie-McFarlane

Secretary

The notes form part of these financial statements.

WELLHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2024

	Share Capital £	Revenue Reserve £	Total Reserve £
Balance at 1 April 2023 (restated)	78	9,091,553	9,091,631
Total comprehensive income for the year	-	309,373	309,373
Issue of shares	10		10
Cancellation of shares	(16)	-	(16)
	<u>72</u>	<u>9,400,926</u>	<u>9,400,998</u>
Balance at 31 March 2024	<u>72</u>	<u>9,400,926</u>	<u>9,400,998</u>

STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2023 (RESTATED)

	<i>Share Capital £</i>	<i>Revenue Reserve £</i>	<i>Total Reserve £</i>
Balance at 1 April 2022 (restated)	99	8,783,092	8,783,191
Total comprehensive income for the year	-	308,461	308,461
Issue of shares	7	-	7
Cancellation of shares	(28)	-	(28)
	<u>78</u>	<u>9,091,553</u>	<u>9,091,631</u>
Balance at 31 March 2023 (restated)	<u>78</u>	<u>9,091,553</u>	<u>9,091,631</u>

The notes form part of these financial statements.

WELLHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Notes	2024		Restated 2023
		£	£	£
Tangible fixed assets				
Housing properties – depreciated cost	13(a)		26,389,063	26,653,696
Other fixed assets	13(b)		1,268,668	1,295,274
			<u>27,657,731</u>	<u>27,948,970</u>
Current assets				
Debtors	15	359,587		300,552
Cash and cash equivalents	16	3,112,029		3,121,185
		<u>3,471,616</u>		<u>3,421,737</u>
Creditors: amounts falling due within one year	17	(1,323,912)		(1,518,615)
Net current assets			<u>2,147,704</u>	<u>1,903,122</u>
Total assets less current liabilities			<u>29,805,435</u>	<u>29,852,092</u>
Creditors: amounts falling due after more than one year	18	(20,257,437)		(20,709,461)
Pension defined benefit liability	23	(147,000)		(51,000)
Net assets			<u>9,400,998</u>	<u>9,091,631</u>
Capital and reserve				
Share capital	20		72	78
Revenue reserve	21		9,400,926	9,091,553
			<u>9,400,998</u>	<u>9,091,631</u>

The financial statements were approved by the Management Committee on 28 August 2024 and signed on their behalf by:

Maureen Morris

Chair



Darron Brown

Vice-Chair



Martin Wilkie-McFarlane

Secretary



The notes form part of these financial statements.

WELLHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	£	2024 £	£	2023 £
Net cash generated from operating Activities	26		974,386		1,179,843
Cash flow from investing activities					
Purchase of components for housing properties		(425,931)		(671,465)	
Purchase of other fixed assets		-		-	
Investment in properties under construction		(382,308)		-	
Government Capital grants received		325,087		-	
Interest received		37,072		10,823	
Net Cash outflow from investing activities			(446,080)		(660,642)
Cash flow from Financing Activities					
Interest paid on loans		(283,781)		(240,533)	
Loan principal repayments		(253,691)		(248,819)	
Share capital issued		10		7	
SHAPs past service deficit payment (net of expenses)		-		(35,447)	
Net cash outflow from financing			(537,462)		(524,792)
Net change in cash and cash equivalents			(9,156)		(5,591)
Cash and cash equivalents at 1 April	16		3,121,185		3,126,776
Cash and cash equivalents at 31 March	16		3,112,029		3,121,185

(i) Analysis of changes in net debt

	At 1 April 2023 £	Cash flows £	Other non- cash changes £	At 31 March 2024 £
Cash and cash equivalents				
Cash	3,121,185	(9,156)	-	3,112,029
	<u>3,121,185</u>	<u>(9,156)</u>	<u>-</u>	<u>3,112,029</u>
Borrowings				
Debt due within one year	(243,181)	253,691	(269,915)	(259,405)
Debt due after one year	(7,178,263)	-	269,915	(6,908,348)
	<u>(7,421,444)</u>	<u>253,691</u>	<u>-</u>	<u>(7,167,753)</u>
Total	(4,300,259)	244,535	-	(4,055,724)

The notes form part of these financial statements.

WELLHOUSE HOUSING ASSOCIATION LIMITED

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

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Association's transactions are denominated. They comprise the financial statements of the Association drawn up for the year ended 31 March 2024. These financial statements comprise the results of the Association only.

The Association is a Co-operative and Community Benefit Society limited by shares and is incorporated in the United Kingdom. The Association is a registered social landlord in Scotland and its registered number is HAC281. The registered office address is included on the front page of the financial statements.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

The Association's Scottish Charity number is SC036552.

2. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with Determination of Accounting Requirements as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018.

The effect of events relating to the year ended 31 March 2024, which occurred before the date of approval of the financial statements by the Management Committee have been included in the financial statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2024 and of the results for the year ended on that date.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see note 3).

The principal accounting policies are set out below.

Going concern

The Association has generated a healthy surplus in the year under review and is forecasting to continue to generate healthy surpluses in the future. The Association has healthy cash reserves and a strong net assets position with an ongoing investment program for replacing windows, doors, bathrooms and kitchens included within the long term forecasts. The Management Committee has therefore adopted the going concern basis in preparing the financial statements. This conclusion has been arrived at after considering the current inflationary pressures to the Association's operations and financial performance.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government, Glasgow City Council and other agencies. Also included are any management fees for the factoring of properties for private owners. Also included is any income from first tranche shared equity disposals.

Income from rental and service charges, factoring and commercial letting activities is recognised when the Association is entitled to it, it is probable it will be received and can be measured reliably.

2. Principal accounting policies (cont'd)

Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

Government capital grants

Government capital grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Government revenue grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the Association is entitled to them, it is probable they will be received and they can be measured reliably.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest method.

Interest and financing costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument. Borrowing costs incurred during the course of construction of a housing development are capitalised.

2. Principal accounting policies (cont'd)

Valuation of housing properties

Housing properties are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight-line basis over the estimated useful economic lives of each identified component. All components are categorised as housing properties within note 13(a). Impairment reviews are carried out if events or circumstances indicate that the carrying value of the housing unit is higher than the recoverable amount or depreciated replacement cost.

Component	Useful Economic Life
Bathrooms	20 years
Kitchens	15 years
Boilers	15 years
Central Heating	30 years
Electrics	30 years
Attic Insulation	25 years
Windows	35 years
Close Doors	20 years
External Doors	20 years
Guttering	25 years
Rendering	50 years
Roofs	50 years
Structure	50 years

Depreciation and impairment of other fixed assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following annual rates:

Office Premises	2% -3 ¹ / ₃ %
Office Furniture and Equipment	20%
Motor Vehicles	25%

The carrying value of tangible fixed assets is reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Capitalisation de-minimus

There is a de-minimus limit in place of £1,000 in respect of the capitalisation of other fixed assets.

Works to existing properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a reduction in future maintenance costs or a significant extension of the life of the property. When a component is replaced the existing component is disposed, and the new component is capitalised.

Capitalisation of development overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

2. Principal accounting policies (cont'd)

Development interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Commercial properties

The commercial properties are carried at fair value determined by external valuers and derived from the current market rents and commercial property yields for comparable real estate, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Leases/leased assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Rental arrears

Rental arrears represent amounts due by tenants for the rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 16.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Loans

Mortgage loans are advanced by financial institutions under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Government Capital Grant by the Scottish Government or Glasgow City Council.

2. Principal accounting policies (cont'd)

Financial instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from banks.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a rental arrear deferred beyond normal Association terms or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Association has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Retirement benefits

The Scottish Housing Association Defined Benefits Pension Scheme (Note 24)

The Association is a member of the Scottish Housing Associations' Pension Scheme (SHAPS) Defined Contribution Pension Scheme. The cost of the employer's contributions is charged to the Statement of Comprehensive Income on an accruals basis.

The Association closed the SHAPS Defined Benefits Pension Scheme in the year ended 31 March 2019 to future accrual. The retained retirement benefits to employees of the Association are funded by the 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.

The SHAPS is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

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

3. Judgements in applying policies and key sources of uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Management Committee consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating surplus' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash-generating unit for impairment purposes.

The Management Committee is satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Estimate

Useful lives of property, plant and equipment

The main components of housing properties and their useful lives

Recoverable amount of rental and other trade receivables

The obligations under the SHAPS pension scheme

The valuation of the commercial properties

Basis of estimation

The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members.

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account. This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

The commercial properties have been valued at its market value based on a valuation performed by a qualified valuer based on market data.

WELLHOUSE HOUSING ASSOCIATION LIMITED

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

4. Particulars of turnover, operating expenditure and operating surplus

	Notes	Turnover £	Operating Expenditure £	2024 Operating surplus £	Turnover £	Operating Expenditure £	2023 Operating surplus £
Affordable lettings	5	4,196,759	(3,422,956)	773,803	4,068,430	(3,473,880)	594,550
Other activities	6	78,345	(200,066)	(121,721)	63,677	(33,609)	30,068
Total		4,275,104	(3,623,022)	652,082	4,132,107	(3,507,489)	624,618

WELLHOUSE HOUSING ASSOCIATION LIMITED

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

5. Particulars of turnover and operating expenditure from social letting activities

	General Needs Housing	2024 Total	<i>Restated 2023 Total</i>
	£	£	£
Income from lettings			
Rent receivable net of identifiable service charges	3,591,303	3,591,303	3,484,598
Service charges receivable	-	-	-
	<u>3,591,303</u>	<u>3,591,303</u>	<u>3,484,598</u>
Gross rents receivable	3,591,303	3,591,303	3,484,598
Less: Rent losses from voids	(29,929)	(29,929)	(40,565)
	<u>3,561,374</u>	<u>3,561,374</u>	<u>3,444,033</u>
Net rents receivable	3,561,374	3,561,374	3,444,033
Release of deferred government capital grants	516,413	516,413	525,630
Other revenue grants	118,972	118,972	98,767
	<u>4,196,759</u>	<u>4,196,759</u>	<u>4,068,430</u>
Total income from affordable letting activities	4,196,759	4,196,759	4,068,430
Expenditure on affordable letting activities			
Service costs	-	-	-
Management and maintenance administration costs	1,418,347	1,418,347	1,271,612
Reactive maintenance costs	539,787	539,787	627,982
Bad debts – rents and service charges	14,790	14,790	70,483
Planned and cyclical maintenance	206,194	206,194	174,545
Major repairs	95,076	95,076	82,587
Stage 3 repairs	75,890	75,890	54,871
Depreciation of social housing	1,072,872	1,072,872	1,191,800
	<u>3,422,956</u>	<u>3,422,956</u>	<u>3,473,880</u>
Operating expenditure for affordable letting activities	3,422,956	3,422,956	3,473,880
	<u>773,803</u>	<u>773,803</u>	
Operating surplus on letting activities, 2024	773,803	773,803	
	<u>594,550</u>		<u>594,550</u>
<i>Operating surplus on letting activities, 2023</i>	<i>594,550</i>		<i>594,550</i>

Included in depreciation of affordable housing is £29,774 (2023: £92,943) in respect of the loss on disposal of components.

There is no supporting housing accommodation or shared ownership accommodation.

WELLHOUSE HOUSING ASSOCIATION LIMITED

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

6. Particulars of turnover, operating expenditure and operating (deficit)/surplus from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting People income £	Other income £	Total Turnover £	Operating expenditure - bad debts £	Other operating expenditure £	2024 Operating surplus/ (deficit) £	2023 Operating surplus/ (deficit) £
Wider role activities	-	-	-	2,511	2,511	-	49,036	(46,525)	(53,793)
Factoring	-	-	-	19,266	19,266	-	-	19,266	13,427
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Agency / management services	-	-	-	-	-	-	-	-	-
Commercial properties rental income & hub income	-	-	-	56,568	56,568	-	-	56,568	73,202
Tenant participation costs	-	-	-	-	-	-	-	-	(4,215)
Re-chargeable repair bad debts	-	-	-	-	-	150,085	-	(150,085)	-
Other activities	-	-	-	-	-	945	-	(945)	1,447
Total from other activities 2024	-	-	-	78,345	78,345	151,030	49,036	(121,721)	
<i>Total from other activities 2023</i>	-	-	-	<i>63,677</i>	<i>63,677</i>	<i>36,879</i>	<i>(70,488)</i>		<i>30,068</i>

WELLHOUSE HOUSING ASSOCIATION LIMITED

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

7. Directors' emoluments

The directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Director or the Management Committee. No emoluments were paid to any member of the Management Committee during the year (2023: £nil). The Association considers key management personnel to be the Management Committee and the senior management team of the Association only.

	2024	2023
	£	£
Emoluments payable to the Director (excluding pension contributions)	77,172	55,442
Pension contributions in respect of the Director	7,717	5,499
In 2022/23, the Director took a three-month unpaid sabbatical in line with Wellhouse HA's approved HR policies.		
Total emoluments paid to key management personnel	229,793	194,628
Employer NI in respect of key management personnel	26,795	23,659
Pension contributions payments in respect of key management personnel	22,174	15,677
	278,762	233,964

Key management personnel, consists of the Director, the Finance & Corporate Services Manager, the Housing & Customer Services Manager and the Assets & Maintenance Manager.

The number of officers including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	2024	2023
	Number	Number
£70,001 to £80,000	1	-

8. Employee information

	2024	2023
	Number	Number
The average number of full-time equivalent persons employed during the year was:	19.5	19
The average total number of employees employed during the year was	20	19
Staff costs were:	2024	2023
	£	£
Wages and salaries	739,972	692,370
Society security costs	72,051	69,842
Other pension costs	79,426	64,835
	891,449	827,047

WELLHOUSE HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024****8. Employee information (cont'd)****Year ended 31 March 2024**

During the year, past service deficit contributions of £1,919 (2023: £37,366) were paid. Of this payment, £nil (2023: £35,447) was a payment in respect of the SHAPS past service deficit liability. The remainder of £1,919 (2023: £1,919) was pension management costs which have been included in the pension contributions total included in staff costs above.

9. Operating surplus

	2024	2023
	£	£
Surplus before tax is stated after charging:		
Depreciation	1,069,704	1,125,460
- Tangible Fixed Assets		
- Loss on disposed components	29,774	92,943
Auditor's Remuneration	14,350	12,000
- Audit services (exc VAT)		
- Other services (exc VAT)	7,863	4,138
Internal Auditor's fees (exc VAT)	7,200	9,450
Operating lease rentals – other	15,159	21,589
	=====	=====

10. Interest receivable and other income

	2024	2023
	£	£
Bank interest	37,072	10,823
Defined benefit pension liability – interest income (Note 23)	-	553
	37,072	11,376
	=====	=====

11. Interest and financing costs

	2024	2023
	£	£
Defined benefit pension liability – interest charge (Note 23)	3,000	-
On bank loans and overdrafts	283,781	240,533
	286,781	240,533
	=====	=====

WELLHOUSE HOUSING ASSOCIATION LIMITED

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

12. Tax on surplus on ordinary activities

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities (2023: £nil). No tax is due on the Association's other activities due to the losses incurred (2023: £nil tax due).

13. Tangible fixed assets	Housing properties held for letting £	Housing properties under construction £	Total £
(a) Housing properties			
Cost			
At 1 April 2023	41,892,478	80,530	41,973,008
Additions - properties	-	382,308	382,308
Additions - components	425,931	-	425,931
Disposals - properties	-	-	-
Disposals - components	(179,216)	-	(179,216)
At 31 March 2024	<u>42,139,193</u>	<u>462,838</u>	<u>42,602,031</u>
Depreciation			
At 1 April 2023	15,319,312	-	15,319,312
Charge for year	1,043,098	-	1,043,098
On disposals – properties	-	-	-
On disposals - components	(149,442)	-	(149,442)
At 31 March 2024	<u>16,212,968</u>	<u>-</u>	<u>16,212,968</u>
Net Book Value			
At 31 March 2024	<u>25,926,225</u>	<u>462,838</u>	<u>26,389,063</u>
At 31 March 2023	<u>26,573,166</u>	<u>80,530</u>	<u>26,653,696</u>

Additions to housing properties include capitalised development administration costs of £nil (2023: £nil) and capitalised interest of £Nil (2023: £nil).

Included in freehold housing properties is land with a historic cost allocation of £2,708,922 (2023: £2,708,922).

All land and properties are freehold.

WELLHOUSE HOUSING ASSOCIATION LIMITED

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

13. Tangible fixed assets

(b) Other fixed assets	Commercial properties £	Office premises (leasehold) £	Office furniture & equipment £	Total £
Cost				
As at 1 April 2023	350,000	1,408,547	184,796	1,943,343
Additions	-	-	-	-
Revaluations	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2024	<u>350,000</u>	<u>1,408,547</u>	<u>184,796</u>	<u>1,943,343</u>
Aggregate Depreciation				
As at 1 April 2023	-	463,273	184,796	648,069
Charge for year	-	26,606	-	26,606
Depreciation on disposals	-	-	-	-
As at 31 March 2024	<u>-</u>	<u>489,879</u>	<u>184,796</u>	<u>674,675</u>
Net Book Value				
At 31 March 2024	<u>350,000</u>	<u>918,668</u>	<u>-</u>	<u>1,268,668</u>
At 31 March 2023	<u>350,000</u>	<u>945,274</u>	<u>-</u>	<u>1,295,274</u>

The commercial properties (4 shop units) were revalued by Jones Lang La Salle, Chartered Surveyors, at 25 July 2023 on a market value basis. The Management Committee consider this to be the fair value at 31 March 2024.

The office is built on land which is leased. The lease expires on 23 June 2063.

14. Housing stock

2024
£

2023
£

The number of units of accommodation in management at the year-end was:-

General Needs	- New build	342	342
	- Rehabilitation	452	452
		<u>794</u>	<u>794</u>

15. Debtors

2024
£

2023
£

Arrears of rent and service charges	398,976	403,055
Less: Provision for doubtful debts	(297,102)	(297,099)
	<u>101,874</u>	<u>105,956</u>
Other debtors	257,713	194,596
	<u>359,587</u>	<u>300,552</u>

All amounts shown under debtors fall due for payment within one year.

WELLHOUSE HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

16. Cash and cash equivalents	2024	2023
	£	£
Cash at bank and in hand	3,112,029	3,121,185
	<hr/>	<hr/>
17. Creditors: amounts falling due within one year	2024	2023
	£	£
Bank loans (note 18)	259,405	243,181
Trade creditors	209,699	353,781
Rent in advance	161,755	184,636
Other taxation and social security	17,506	18,752
Other creditors	85,406	113,468
Accruals	73,728	79,167
Deferred capital grant (note 19)	516,413	525,630
	<hr/>	<hr/>
	1,323,912	1,518,615
	<hr/>	<hr/>

At the year-end other creditors included outstanding pension contributions of £9,377 (2023: £8,818).

WELLHOUSE HOUSING ASSOCIATION LIMITED

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

18. Creditors: amounts falling due after more than one year	2024	2023
	£	£
Bank loans	6,908,348	7,178,263
Deferred capital grants (note 19)	13,349,089	13,531,198
	20,257,437	20,709,461

Bank loans are secured by specific charges on the Association's properties. Of the total housing stock of 794 units there are 657 units secured in relation to bank loans leaving 137 units unencumbered. The NBV of the secured units at the year-end was £17,340,167.

The loans are a mixture of one fixed rate loan with an interest rate of 2.71% and variable rate loans with interest rates of 5.65% to 7.16% during the year.

These loans are repayable in instalments as follows:

Amounts due within one year	259,405	243,181
Amounts due between one and two years	265,434	245,015
Amounts due between two and five years	5,301,687	757,609
Amounts due in more than five years	1,341,227	6,175,639
	7,167,753	7,421,444
Less: amount shown in current liabilities	(259,405)	(243,181)
	6,908,348	7,178,263

19. Deferred capital grants	2024	2023
	£	£
Balance at 1 April	14,056,828	14,582,458
Grants received in year	325,087	-
Released to income in year – components disposed	-	-
Released to income in year – Housing properties	(492,820)	(502,102)
Released to income in year – Other fixed assets (office)	(23,593)	(23,528)
Balance at 31 March	13,865,502	14,056,828
Split as follows:		
Amounts due within one year	516,413	525,630
Amounts due between one and two years	516,413	525,630
Amounts due between two and five years	1,549,239	1,576,891
Amounts due in more than five years	11,283,437	11,428,677
	13,865,502	14,056,828

WELLHOUSE HOUSING ASSOCIATION LIMITED

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

20. Share capital	2024	2023
	£	£
Shares of £1 each issued and fully paid		
At 1 April	78	99
Shares issued in year	10	7
Shares cancelled in year	(16)	(28)
	<hr/>	<hr/>
At 31 March	72	78
	<hr/> <hr/>	<hr/> <hr/>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on winding up. When a shareholder ceases to be a member, that person's share is cancelled, and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings. Called up share capital on the Statement of Financial Position has been adjusted to reflect the number of shares held by active members.

21. Revenue reserve

The revenue reserve is unrestricted and undesignated funds available for general use to further the Association's aims and objectives.

22. Related party transactions

Three Committee members and one member who resigned during the year (2023: two) are tenants of the Association. Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms, and they cannot use their positions to their advantage. The total rent charged in the year relating to tenant Management Committee members is £14,672 (2023: £12,780). The total rent arrears relating to tenant Management Committee members is £263 (2023: £60). The total prepaid rent relating to tenant Management Committee members is £314 (2023: £314).

23. Retirement benefit obligations

General

The Scheme is a multi-employer defined benefit scheme. The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted in.
- Defined Contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of 3 months' notice. Wellhouse Housing Association Limited has elected to operate the Defined Contribution (DC) Scheme to all other staff.

Defined benefit scheme

The Trustees commission an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

Final Salary with a 1/60th Accrual Rate Scheme

There was an annual employer past service deficit contribution of £nil (net of expenses) made in the year ended 31 March 2024 (2023 - £35,447).

As at the Statement of Financial Position date there are no active members (2023: nil) of the defined benefit scheme employed by Wellhouse Housing Association Limited. The last remaining member transferred to the defined contribution scheme during the year to 31 March 2019. Wellhouse Housing Association Limited no longer offers membership to the defined benefit scheme with all existing and new staff offered the defined contribution scheme.

The last triennial valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £877 million. The valuation revealed a shortfall of assets compared to liabilities of £121 million, equivalent to a past service funding level of 89%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**
23. Retirement benefit obligations (cont'd)**General (cont'd)**

In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2024 £'000	<i>31 March 2023 £'000</i>
Fair value of plan assets	1,095	<i>1,169</i>
Present value of defined benefit obligation	(1,242)	<i>(1,220)</i>
Defined benefit liability to be recognised	(147)	<i>(51)</i>

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2024 £'000	<i>Year ended 31 March 2023 £'000</i>
Defined benefit obligation at start of period	(1,220)	<i>(1,804)</i>
Current service cost		<i>-</i>
Expenses	(2)	<i>(2)</i>
Interest expense	(59)	<i>(50)</i>
Actuarial gains/(losses) due to scheme experience	(13)	<i>21</i>
Actuarial gains/(losses) due to changes in demographic assumptions	7	<i>27</i>
Actuarial gains due to changes in financial assumptions	13	<i>557</i>
Benefits paid and expenses	32	<i>31</i>
Defined benefit liability at the end of the period	(1,242)	<i>(1,220)</i>

WELLHOUSE HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

23. Retirement benefit obligations (cont'd)**Reconciliation of opening and closing balances of the fair value of plan assets**

	Year ended 31 March 2024 £'000	<i>Year ended 31 March 2023 £'000</i>
Fair value of plan assets at start of the period	1,169	<i>1,804</i>
Interest income	56	<i>51</i>
Experience on plan assets (excluding amounts included in interest income) - gain	(100)	<i>(692)</i>
Contributions by the employer	2	<i>37</i>
Benefits paid and expenses	(32)	<i>(31)</i>
Fair value of plan assets at end of period	<u>1,095</u>	<i><u>1,169</u></i>

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2024 £'000	<i>Year ended 31 March 2023 £'000</i>
Current service cost	-	<i>-</i>
Admin expenses	2	<i>2</i>
Net interest (income)/expense	3	<i>(1)</i>
Defined benefit costs recognised in Statement of Comprehensive Income	<u>5</u>	<i><u>1</u></i>

WELLHOUSE HOUSING ASSOCIATION LIMITED

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

23. Retirement benefit obligations (cont'd)

Defined benefit costs recognised in Other Comprehensive Income

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)/gain	(100)	(692)
Experience gains and losses arising on the plan liabilities – gain/(loss)	(13)	21
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation gain/(losses)	7	27
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	13	557
	<u> </u>	<u> </u>
Total amount recognised in Other Comprehensive Income – actuarial (loss)/gain	(93)	(87)

Fund allocation for employer's calculated share of assets

	31 March 2024 £'000	31 March 2023 £'000
Absolute Return	49	16
Alternative Risk Premia	39	7
Cash	28	5
Corporate Bond Fund	-	2
Credit Relative Value	39	45
Currency Hedging	-	2
Distressed Opportunities	40	36
Emerging Markets Debt	19	9
Global Equity	126	31
High Yield	-	6
Infrastructure	105	126
Insurance-Linked Securities	7	32
Liability Driven Investment	396	494
Long Lease Property	8	39
Net Current Assets	1	3
Over 15 Year Gilts	-	-
Private Debt	44	52
Private Equity	1	-
Property	46	49
Risk Sharing	66	85
Secured Income	37	78
Liquid Credit	-	-
Opportunistic Credit	-	-
Opportunistic Illiquid Credit	44	52
	<u> </u>	<u> </u>
Total Assets	1,095	1,169

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

23. Retirement benefit obligations (cont'd)

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

Assumptions as at	31 March 2024 % per annum
Discount rate	4.91
Inflation (RPI)	3.12
Inflation (CPI)	2.79
Salary growth	3.79
Allowance for commutation of pension for cash at retirement	75% of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2024	20.2
Female retiring in 2024	22.7
Male retiring in 2043	21.4
Female retiring in 2043	24.1

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

Member data summary

Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	-	-	-
Females	-	-	-
Total			

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	2	24	54
Females	5	17	48

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	3	21	67
Females	2	19	70

23. Retirement benefit obligations (cont'd)

Employers' debt on withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by a Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e., the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by The Pensions Trust of the estimated debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2023. As of this date the estimated debt for the Association was £395,697.

Review of historic benefit changes

The Trustee has carried out a review comparing the benefits to Scheme members with requirements of the Scheme documentation. It has received legal advice that there is sufficient uncertainty regarding the effect of some benefit changes that the Court should be asked to provide clarity; to provide the Trustee with the certainty it needs to properly administer the Scheme.

Preparation for the Court case is progressing to schedule and the Court has provided an expected window for the hearing during February 2025, with judgement currently expected in Q2 2025.

Should the Court decide that the historic benefits charged need to be applied differently, then some member benefits would need to be increased, which would increase the value placed on Scheme liabilities. No allowance has been made for potential additional liabilities within the estimate provided above.

WELLHOUSE HOUSING ASSOCIATION LIMITED

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

24. Capital commitments	2024	2023
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements.		-
Approved but not contracted	-	76,009
	<u>-</u>	<u>76,009</u>
	<u>-</u>	<u>76,009</u>
Funded by:		
Grants	-	-
Reserves	-	76,009
Private finance	-	-
	<u>-</u>	<u>76,009</u>
	<u>-</u>	<u>76,009</u>
25. Commitments under operating leases		
At the year end, the total future minimum payments under operating leases were due as follows:		
	2024	2023
	£	£
Equipment:		
Not later than one year	3,470	21,146
Later than one year and not later than five years	6,560	8,443
More than five years	-	6,560
	<u>10,030</u>	<u>36,149</u>
	<u>10,030</u>	<u>36,149</u>
26. Net cash flow from operating activities	2024	<i>Restated</i> 2023
	£	£
Surplus for the year	402,373	395,461
Adjustments for non-cash items:		
Carrying amount of other fixed asset disposals	-	-
Depreciation of housing properties	1,072,872	1,191,800
Depreciation of other fixed assets	26,606	26,604
(Increase)/decrease in debtors	(59,035)	(104,519)
(Decrease)/increase in creditors	(201,710)	(33,002)
Release of deferred Government capital grant	(516,413)	(525,630)
Adjustments for investing and financing activities:		
Movement in fair value of investment properties	-	-
Interest payable	286,781	240,533
Interest received	(37,072)	(11,376)
Forfeited share capital	(16)	(28)
	<u>974,386</u>	<u>1,179,843</u>
Net cash generated from operating activities	<u>974,386</u>	<u>1,179,843</u>

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

27. Prior year adjustment

Negative goodwill had been recognised in respect of a historical second stage stock transfer. Current accounting guidance is that this 'gain' on the recognition of the transfer of stock should be recognised as a gain to the Statement of Comprehensive Income rather than as negative goodwill. Thus, a prior year adjustment has been recognised to amend this accounting treatment. This means that this negative goodwill has been credited to the revenue reserve as noted below.

	As at 31 March 2023		
	Previously stated £	Adjustment £	As restated £
<i>Changes to Statement of Comprehensive Income</i>			
Release of negative goodwill	38,134	(38,134)	-
Total comprehensive income	346,595	(38,134)	308,461
<i>Changes to the Statement of Financial Position</i>			
Negative goodwill	(953,357)	953,357	-
Net assets	8,138,274	953,357	9,091,631
Capital and Reserves			
Revenue reserves	8,138,196	953,357	9,091,553
Total Capital and Reserves	8,138,274	953,357	9,091,631

	As at 31 March 2022		
	Previously stated £	Adjustment £	As restated £
<i>Changes to the Statement of Financial Position</i>			
Capital and Reserves			
Revenue reserves	7,791,601	991,491	8,783,092
Total Capital and Reserves	7,791,700	991,491	8,783,191