



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2022

West Lothian Housing Partnership Limited

(A Charitable Company Limited by Guarantee)

(Company No. SC188968)

(Scottish Housing Regulator Registration No. 318)

(Scottish Charity No. SC031668)

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year to 31 March 2022.

Principal activities

The principal activity of West Lothian Housing Partnership Limited ("WLHP", "West Lothian" or "the Partnership") is the provision and management of affordable rented accommodation. WLHP is a wholly owned subsidiary of The Wheatley Housing Group Limited ("WHG" or "Wheatley").

OPERATING REVIEW

This year saw the full remobilisation of our services after the unparalleled difficulties caused by the pandemic.

At the start of 2021 our housing officers were back on their patches and visiting customers, and our environmental teams were continuing to keep communities clean and safe. Our capital investment programme resumed, as did non-essential internal investment work.

We resumed a full repairs service in April and, throughout the year, addressed the repairs backlog that had built up during the restrictions caused by the pandemic.

We built 62 new homes over the year, invested £877k in planned improvements and supported three people from our homes into work and training.

Our customers were still feeling the economic impact of the pandemic, of course, and we continued to support people in financial hardship in our communities in every way we could. Wheatley Foundation, our charitable trust, supported 260 WLHP customers over the year.

The year saw the launch of Wheatley Group's new five-year strategy – *Your Home, Your Community, Your Future* – which introduced our new operating model. Many aspects of the new strategy had been accelerated because of the pandemic, including greater use of technology, new ways of engaging and giving customers even more control over services.

This year also saw us begin to convert traditional offices into community-based centres of excellence and touchdown hubs, as well as the introduction of a new, enhanced Customer First Centre ("CFC"), freeing up housing officers to spend more time in communities as well as concentrating on vulnerable customers.

The CFC provides specialist support and 24/7 cover, with experienced housing professionals using everything from webchat and WhatsApp, as well as telephone and emails, to offer one-and-done solutions to tenant service requests and inquiries.

Customers gave their overwhelming support for our new way of working and new way of engaging in a tenant consultation this year.

The economic fallout from the pandemic will be with us for years to come, with rising fuel prices and the emerging cost of living crisis, as well as the continuing difficulties brought on by Universal Credit, having a real effect on our customers.

As we moved into our next strategy in 2021/22, our commitment to supporting our customers and communities remained stronger than ever.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Here are the highlights of the year.

Building new homes

WLHP completed 42 homes for social rent at Jarvey Street in Bathgate, and 20 social rent homes at Winchburgh, over the year.

Work is also well underway on 146 new homes at Almondvale in Livingston, 14 at Blackness Road in Linlithgow, and another 63 in East Calder.

Investing in our homes

We delivered £877k in improvements to our homes and communities over the year. This included:

- £125k on new 'A' rated energy efficient boilers;
- £286k on window replacements at Buttries View and Woodhead Grove, Armadale;
- £88k on new modern kitchens at Belvedere Place, Bathgate;
- £49k on full bathroom replacements at Auchenhard Place, Stoneyburn;
- £21k on cavity wall insulation at Pyothall Court;
- £38k on heat and smoke detector upgrades; and
- £22k on major medical adaptations.

Our repairs service

We resumed a full repairs and maintenance service at the end of April 2021 and worked through the backlog of repairs built up during the previous year of restricted services. Over the year, we completed 3357 reactive repairs.

Improving our neighbourhoods

We continued our work to create clean and safe neighbourhoods people are proud to live in. Our environmental teams resumed full service in May 2021 and over the year, they removed 10 tonnes of bulk waste from WLHP and Dunedin Canmore communities every week. Across Wheatley, 78 tonnes of furniture was diverted from landfill, upcycled and delivered to customers through our Home Comforts service.

We continued our partnership with environmental charity Keep Scotland Beautiful which sees our communities inspected and assessed to help improve standards. In 2021-22, every WLHP neighbourhood received a five-star rating, the highest possible score.

Our environmental campaign at the end of 2021/22 helped us engage with partners and customers to improve WLHP communities.

Wheatley's Community Improvement Partnership (CIP) – a specialist team of seconded police and our own frontline staff – continued to work with WLHP communities to tackle anti-social behaviour and crime.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Wheatley Group was named Policing Partner of the Year at the 2022 Chief Constable Bravery and Excellence Awards.

We helped protect customers from the risk of fire by carrying out more than 500 home fire safety visits in Wheatley homes over the year, including 6 in WLHP homes and communities.

Over the past two years, we have delivered 520 products including air fryers, fire retardant bedding and stove guard devices, to customers across Wheatley. This year saw a 30% reduction in accidental fires in Wheatley homes.

Letting homes

Throughout the year, we continued to increase our allocation of homes to homeless people. Over the year, Wheatley allocated 2,481 homes to homeless people, with 66 of those homes provided to Housing First, a multi-agency partnership to tackle rough sleeping.

WLHP allocated 36 homes to homeless people over the year.

Supporting our customers

Almost 30% of WLHP customers are now on Universal Credit ("UC"), an increase of 2% from last year.

Our Welfare Benefits Advisors supported 75 WLHP customers over the year and helped them claim more than £46k in benefits and tax credits they were entitled to. Across Wheatley, we helped 5606 customers over the year, and helped them claim back more than £10.6m.

Our fuel advisors helped 53 WLHP customers save more than £10.4k on their bills over the year. We also helped customers across Wheatley access more than £1.6m in external funding to alleviate fuel poverty.

We will continue to support our customers over the next year with the economic impact of the pandemic and the difficulties caused by rising fuel prices and the wider cost of living crisis.

We helped customers get online this year and encouraged them to engage with us through our digital channels and online self-service accounts. By the end of the financial year, almost 66% of WLHP customers had registered for an online account with us.

Our online discounts scheme, MySavings, continues to help customers make their money go further and cut the cost of their weekly shop. In 2021/22, 5,900 customers across Wheatley were registered for MySavings, an increase of 1000 from the previous year.

Around 1,460 people used the WLHP website every month, with more than 17,500 active users over the year. The number of followers on our social media channels this year was 925, an increase of 63 from the year before.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Working with Wheatley Foundation, at WLHP we:

- created three opportunities for our customers to get into work or training;
- supported 33 new tenants with household budgeting, running a home and settling into their community through “My Great Start”;
- helped 74 households put food on the table by distributing 109 emergency food vouchers through our “EatWell” service;
- provided essential household items to nine customers through our “Barony Support Fund” and “Emergency Response Fund”;
- gave 13 households up-cycled furniture through our “Home Comforts” service;
- awarded four young people from our homes a bursary to go to university or college; and
- provided 804 free books to 81 children under five in our homes through the Dolly Parton Imagination Library initiative.

Future plans

In an independent ballot held in May 2022, West Lothian Housing Partnership tenants voted overwhelmingly in favour of joining forces with fellow Wheatley RSL, Dunedin Canmore Housing, to create one Wheatley Group landlord in the east of Scotland. This paves the way for added investment in existing homes, increasing the number of new build homes in West Lothian and continuing to keep our rents affordable. The transfer is expected to take place during 2022/23.

Independent auditor

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

FINANCIAL REVIEW

An operating surplus of £5,214k (2021: £11,744k) was generated by the Partnership in the year. The £6,530k reduction in operating surplus from last year is primarily due to:

- last year's operating surplus including a one off accounting gain on business combination of £10,460k as a result of the transfer of business from Barony Housing Association.
- the recognition in 2021/22 of a £4,732k of grant released from deferred income on the completion of new build properties compared to the £543k recognised in the prior year. The amount of grant income recognised varies from year to year and is subject to the timing of completion of new build properties.

Income

Turnover for the year ended 31 March 2022 totalled £8,597k (2021: £4,126k). Income is derived from the social rental of housing property, with net rental income of £3,855k (2021: £3,550k). The increase in the year is driven by additional income from new build properties.

Total grant income of £4,742k (2021: £576k) has been recognised in the year on completion of new build properties, medical adaptations grant and for claims made under the UK Government Job Retention Scheme. As previously mentioned, grant income recognised for new build properties varies from year to year with the profile of new build completions. The increase in grant income from the prior year is driven by higher numbers of new build completions in 2021/22 with 62 properties completed in the year compared to eight in 2020/21.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Expenditure

Operating costs in the year totalled £3,383k (2021: £2,842k), with the increase from the prior year relating to additional new build properties completed in 2021/22 and the remobilisation of repairs services in the year. Operating costs largely comprise of the following:

- Management and maintenance administration costs associated with affordable letting activities totalling £636k (2021: £562k).
- £360k of planned and cyclical maintenance costs to our social housing properties (2021: £286k).
- £604k of reactive maintenance costs to our social letting properties (2021: £350k).
- Depreciation expenditure for social and non-social housing assets of £1,681k (2021: £1,541k).

Total comprehensive result for the year of a loss of £1,137k (2021: surplus of £10,386k) includes a decrease in the value of social housing properties of £5,547k (2021: increase of £95k). On completion of new build properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the grant income to be recognised through profit or loss under the performance model. This approach creates an initial valuation loss on new properties in the year of completion when compared to the gross development cost. Also included is a £71k actuarial gain (2021: loss of £93k) in respect of pension schemes.

Finance charges of £875k (2021: £1,355k) were reported. The prior year charge includes West Lothian Housing Partnership's share of a one off fee for the restructuring of fixed rate loan arrangements completed on 30 March 2021 which reduced future interest costs and improved the strength of the business plan.

Cashflows

The cash flow statement of WLHP is shown on page 17. During the year the Partnership generated £1,799k cash inflow from operating activities (2021: £2,404k). A total of £877k was invested in existing properties and funding of £5,000k was drawn in the year toward investment of £8,521k in new build developments. Cash and cash equivalents in the year decreased by £460k (2021: decreased by £80k).

Liquidity

At 31 March 2022, the Partnership reported net current assets of £17,112k (2021: £40,934k), with the accounts prepared this year on a non going concern basis in recognition of the planned transfer of the business to Dunedin Canmore Housing Limited. This has the effect of classifying all assets as current and in the current year all borrowings as short term. In total, borrowings have increased to £27,478k (2021: £22,476k) following drawdowns in the year to support the new build development programme. The management of cash balances is undertaken through the Group funding subsidiary Wheatley Funding No. 1 Limited ("WFL1") to match the needs of the business and the cost of borrowing.

The Partnership has access to a borrowing facility administered through WFL1 and is able to meet its liabilities as they fall due.

Capital structure and treasury

WLHP's activities are funded on the basis of a Business Plan which is updated annually. WLHP's long-term funding is provided through the Group financing subsidiary Wheatley Funding No. 1 Limited ("WFL1"), as detailed in note 18. WLHP has access to an intra-group facility of £49.5m. Interest rate risk is managed at a group level by WFL1.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Investment in tenants' homes

During the year we invested £877k in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £57,218k (2021: £54,808k).

Reserves policy

Under the Statement of Recommended (Accounting) Practice ("SORP") 2014 and Financial Reporting Standard ("FRS") 102, WLHP operates with one principal reserve: a revenue reserve.

Revenue reserve

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

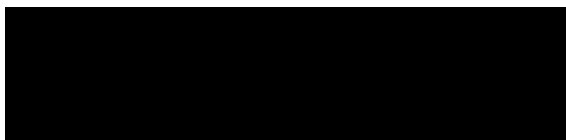
- new build housing properties
- specific projects for which subsidy has been received, such as investment in the energy efficiency of our homes

These grants have been invested for the specific purposes prescribed in the related grant conditions, with this activity typically resulting in an increase in the value of housing properties in WLHP's Statement of Financial Position. WLHP has no ability to realise new cash from this element of reserves, since selling the related assets which were constructed or improved with the grant funds would trigger clawback conditions and require repayment of grant to the Scottish Government or other grant providers. Furthermore, it is not WLHP's policy to sell social housing assets; on the contrary, continuing to own and support these while providing excellent services to customers is core to WLHP's charitable purpose.

Going concern

In previous years, the financial statements have been prepared on a going concern basis. However, in 2022/23 a majority of tenants voted in favour of the directors' proposal to transfer the housing activities of WLHP to a fellow Wheatley subsidiary, Dunedin Canmore Limited. Accordingly, as explained in Note 2 to the financial statements, the directors have not prepared the financial statements on a going concern basis. The effect on the financial statements is for all of the long term assets and liabilities to be shown as current on the balance sheet.

By order of the Board



Mairi Martin, Chair
08 September 2022

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

DIRECTORS' REPORT (continued)

WEST LOTHIAN HOUSING PARTNERSHIP BOARD AND RELATED MATTERS

Directors and directors' interests

The directors of WLHP who held office during the year and up to the signing of the financial statements were:

John Hill (Chair) – resigned 22 September 2021

Mairi Martin (Chair)

Lesley-Anne Williams*

Lesley Bloomer

Judith McGlashan*

Bryan Sherrieff

Gregor Dunlay

Alan McCloskey

Gordon Smith

* tenant of WLHP

No directors who held office during the year held any disclosable interest in the shares of the company.

Creditor payment policy

WLHP agrees payment terms with its suppliers when it enters into contracts. The average creditor payment period for the year was within 30 days.

Disclosure of information to auditor

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

Basis of preparation

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. As such, the Company has taken exemption from preparing a strategic report.

DIRECTORS' REPORT (continued)

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

The Directors acknowledge their responsibility for ensuring that the company has in place systems of control that are appropriate to its business environment.

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

The systems of internal financial control, which are under regular review, are designed to manage rather than to eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

The key procedures which have been established are as follows:

- Detailed standing orders covering Board structure, election, membership and meetings;
- Financial regulations and procedures with clear authorisation limits;
- Regular Board meetings, focusing on areas of concern, reviewing management reports;
- Audit and Compliance reporting focussing on areas of concern and reviewing management reports;
- Regular review of cashflow and loan portfolio performance;
- Regular review of tendering process, rent accounting, arrears control and treasury management;
- Segregation of duties of those involved in finance;
- Identification and monitoring of key risks by the management committee; and
- Monitoring the operation of the internal financial control system by considering regular reports from management, internal and external auditors and ensuring appropriate corrective action is taken to address any weaknesses.

The Directors confirm that they have reviewed the effectiveness of the systems of internal control. No weaknesses have been found which would have resulted in material losses, contingencies or uncertainties which require to be disclosed in the financial statements.

Principal risks facing the Company

The Board are responsible for assessing the risks facing West Lothian Housing Partnership. As a subsidiary of Wheatley Housing Group, the principal risks are broadly similar to those facing the Group and can be seen in the consolidated financial statements of the Group.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Board is responsible for preparing the Board's Annual Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the Board to prepare financial statements for each financial year. Under those laws they are required to prepare the financial statements in accordance with UK Accounting Standards, FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Mairi Martin, Chair
08 September 2022

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

Independent auditor's report to West Lothian Housing Partnership Limited

Opinion

We have audited the financial statements of West Lothian Housing Partnership Limited for the year ended 31st March 2022 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the charitable company as at 31 March 2022 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure note made in note 2 to the financial statements which explain that the financial statements are not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

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

- Enquiring of board members and management as to the charitable company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual suspected or alleged fraud; and
- Reading Board minutes

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

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

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the company-wide fraud risk management controls

We also performed procedures including:

Independent auditor's report to West Lothian Housing Partnership Limited (continued)

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These include those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the assumptions used in pension valuations and property valuations.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the board and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, charities legislation and registered social landlord legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Whilst the charitable company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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

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

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

Other information

The charitable company's Board is responsible for the other information, which comprises the Directors' Report and the Statement on Internal Financial Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on page 9 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

Independent auditor's report to West Lothian Housing Partnership Limited (continued)

Matters on which we are required to report by exception

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

- the charitable company has not kept proper books of account; or
- the charitable company has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the charitable company's books of account; or
- we have not received all of the information and explanations we need for our audit.
- the charitable company was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 10, the charitable company's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the charitable company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the charitable company's members and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Wilkie

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

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

319 St Vincent Street

Glasgow

G2 5AS

21 September 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Turnover	3	8,597	4,126
Operating expenditure	3	(3,383)	(2,842)
Other gains	8	-	10,460
Operating surplus		<u>5,214</u>	<u>11,744</u>
Loss on disposal of fixed asset	8	-	(5)
Finance income	9	-	-
Finance charges	10	(875)	(1,355)
(Decrease)/increase in valuation of housing properties		(5,547)	95
(Deficit)/ surplus for the year		<u>(1,208)</u>	<u>10,479</u>
Actuarial gain/(loss) in respect of pension schemes		71	(93)
Total comprehensive result for the year		<u>(1,137)</u>	<u>10,386</u>

All amounts relate to continuing operations.

The notes on pages 18 to 36 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2022

	Revenue
	£'000
Balance at 1 April 2020	7,863
Total comprehensive result	10,386
Balance at 1 April 2021	<u>18,249</u>
Total comprehensive result	(1,137)
Balance at 31 March 2022	<u>17,112</u>

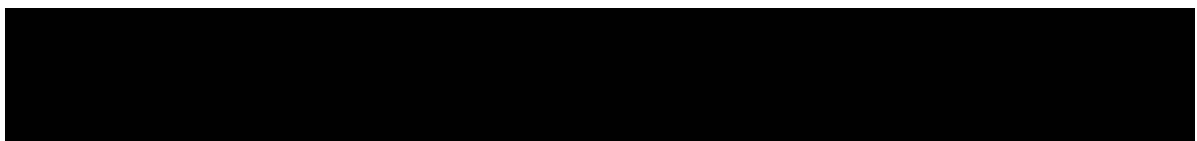
All amounts relate to continuing operations.

The notes on pages 18 to 36 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

		2022	2021
		£'000	£'000
	Note		
Current assets			
Social housing properties	14	57,218	54,808
Other tangible assets	15	135	198
Trade and other debtors	16	1,496	263
Cash and cash equivalents		143	603
		<u>58,992</u>	<u>55,872</u>
Creditors: amounts falling due within one year	17	(41,880)	(14,868)
Provisions for liabilities			
Pension liability	19	-	(70)
		<u>17,112</u>	<u>40,934</u>
Net current assets		17,112	40,934
Creditors: amounts falling due after more than one year	18	-	(22,685)
Total net assets		<u>17,112</u>	<u>18,249</u>
Reserves			
Revenue reserve		17,112	18,249
Total reserves		<u>17,112</u>	<u>18,249</u>

These financial statements were approved by the Board on 17 August 2022 and were signed on its behalf on 08 September 2022 by:



Mairi Martin
Chair

The notes on pages 18 to 36 form part of these financial statements.
Company Registration Number SC188968

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Net cash generated from operating activities	21	<u>1,799</u>	<u>2,404</u>
Cash flow from investing activities			
Improvement of properties	14	(877)	(262)
New build		(8,521)	(6,710)
Purchase of other fixed assets	15	-	(4)
Grants received	18	3,190	2,836
Interest received	9	<u>-</u>	<u>-</u>
Net cash from investing activities		(6,208)	(4,140)
Cash flows from financing activities			
Interest paid		(1,051)	(982)
Intra-group loan drawn down		<u>5,000</u>	<u>2,638</u>
Net cash from financing activities		3,949	1,656
Net change in cash and cash equivalents		(460)	(80)
Cash and cash equivalents at 1 April		603	683
Cash and cash equivalents at 31 March		<u>143</u>	<u>603</u>

The notes on pages 18 to 36 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Legal status

West Lothian Housing Partnership Limited (“WLHP” or “the Partnership”) is a company limited by guarantee registered under the Companies Act, Company No. SC188968, and is a registered Scottish charity No.SC031668. WLHP is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principle activity of the Association is the provision of social housing and associated housing management services. The registered office is Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL. WLHP is a public benefit entity.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, to all periods presented in these financial statements.

Basis of accounting

The financial statements of WLHP are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2019, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2014 (“SORP 2014”), issued by the National Housing Federation, and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In previous years, the financial statements have been prepared on a going concern basis. However, in 2022/23 a majority of tenants voted in favour of the directors’ proposal to transfer the housing activities of WLHP to a fellow Wheatley subsidiary, Dunedin Canmore Limited. Accordingly the directors have not prepared the financial statements on a going concern basis.

The effect on the financial statements is for all of the long term assets and liabilities to be shown as current on the balance sheet. There are no valuation changes to be made as all activities are being transferred to a group entity as trading activities.

Discount rates have been used in the valuation of housing properties and in the assessment of the fair value of financial instruments. The rates used are subject to change and are influenced by wider economic factors over time.

Accounting judgements and estimations

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors.

Judgements have been made in:

- Determining the appropriate discount rates used in the valuation of housing and investment properties;
- Component accounting and the assessment of useful lives;
- The assessment of the fair value of financial instruments;
- Determining the value of the Association’s share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds;
- Allocation of share of assets and liabilities for multi-employer pension schemes. Judgments in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi-employer pension schemes and estimations performed by the Group’s actuarial advisers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

2. Accounting policies (continued)

Related party disclosures

WLHP 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 represents income receivable from lettings and service charges, fees receivable, grants and other income. Income from social lettings, service charges, factoring, market and commercial rental activities is recognised when it is receivable.

Grant income

Where 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, which are held at valuation, it is recognised as income using the performance model in accordance with the SORP 2014. Prior to satisfying the performance conditions, capital grant is held as deferred income on the Statement of Financial Position. Grant income claimed under the UK Government Coronavirus Job Retention Scheme has been reported as income through the Statement of Comprehensive Income in line with the performance model.

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.

Financial instruments

Loans provided to some subsidiary members of the Group by the banking syndicate through the subsidiary, Wheatley Funding Number 1 Limited ("WFL1"), are classed as basic under the requirements of FRS 102, and are measured at amortised cost. All financial assets and liabilities are held at amortised cost.

Deposits and liquid resources

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

Pensions

West Lothian Housing Partnership Limited previously participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") Defined Benefit Pension Scheme. The scheme is now closed, with members transferring to the SHAPS Defined Contribution Scheme on 1 September 2014. Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. In accordance with FRS 102, WLHP's share of the scheme assets and liabilities have been separately identified and are included in the Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. WLHP'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 Wheatley Group defined contribution scheme administered by the Salvus Master Trust has also been made available to all employees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

2. Accounting policies (continued)

Fixed assets - housing properties

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

• Valuation of Social Housing Stock

Social housing properties are valued annually on an Existing Use Value for Social Housing (“EUUV-SH”) basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Annual valuation movements are reported in the Statement of Comprehensive Income. Housing properties are initially stated at cost, being their purchase price together with the cost of capitalised improvement works and repairs that result in incremental future benefits from the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

• Depreciation and impairment

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, WLHP’s asset management strategy and the requirement of Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, WLHP 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 separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

	<u>Economic Life</u>
Land	Not depreciated
Bathrooms	25 years
External environment	20 years
Heating system boiler	12 years
Internal works & common areas	20 years
Kitchens	20 years
Mechanical, Electrical & Plumbing	25 years
Structure & roofs	50 years
Windows and doors	30 years

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 are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

WLHP’s policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including staff costs attributable to the delivery of the capital investment programme;
- The cost of packages of work completed on void properties; and

- Other directly attributable internal and external costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

2. Accounting policies (continued)

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.

New Build Grant and other capital grants

New Build Grant is received from central government agencies and local authorities and is utilised to reduce the capital cost of housing properties.

New Build Grant is recognised as income in the Statement of Comprehensive Income under the performance model. New Build Grant due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the period to which it relates.

Properties are disposed of under the provisions contained in the Housing (Scotland) Act 2014. 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.

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, or valuation, 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 improvements	10 years
Furniture, fittings and office equipment	3 years

Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Provisions

The 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

WLHP is considered to pass the tests as set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Association is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 1992 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Value Added Tax

WLHP is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

3. Particulars of turnover, operating expenditure and operating surplus/(deficit)

	2022			2021
	Turnover	Operating costs	Other gains	Operating surplus/(deficit)
	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	8,597	(3,257)	-	5,340
Other activities (note 5)	-	(126)	-	(126)
Gain on business combination (note 8)	-	-	-	-
Total	8,597	(3,383)	-	5,214
Total for previous reporting period	4,126	(2,842)	10,460	11,744

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

4. Particulars of turnover, operating expenditure and operating surplus from affordable letting activities

	General Needs £000	Supported Housing £000	2022 Total £'000	2021 Total £'000
Rent receivable net of service charges	3,557	158	3,715	3,414
Service charges	89	70	159	147
Gross income from rents and service charges	3,646	228	3,874	3,561
Less rent losses from voids	(18)	(1)	(19)	(11)
Net income from rents and service charges	3,628	227	3,855	3,550
Grants released from deferred income	4,732	-	4,732	543
Other grant income	10	-	10	33
Total turnover from affordable letting activities	8,370	227	8,597	4,126
Management and maintenance administration costs	(614)	(22)	(636)	(562)
Service costs	(34)	(1)	(35)	(14)
Planned and cyclical maintenance including major repairs costs	(348)	(12)	(360)	(286)
Reactive maintenance costs	(584)	(20)	(604)	(350)
Bad debts – rents and service charges	(4)	-	(4)	(22)
Depreciation of affordable let properties	(1,564)	(54)	(1,618)	(1,477)
Operating costs from affordable letting activities	(3,148)	(109)	(3,257)	(2,711)
Operating surplus from affordable letting activities	5,222	118	5,340	1,415
Operating surplus/(deficit) for affordable letting activities for the previous reporting period	1,319	96	1,415	

The disclosure of turnover, operating costs and operating surpluses from affordable letting activities reflects the requirements of the Housing SORP 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

5. Particulars of turnover, operating expenditure and operating surpluses from other activities

				2022	2021	
	Grants from Scottish Ministers £'000	Other revenue £'000	Total Turnover £'000	Total Operating Costs £'000	Operating Surplus/ (deficit) £'000	Operating Surplus/ (deficit) £'000
Depreciation – non social housing	-	-	-	(63)	(63)	(63)
Wider role activities to support the community	-	-	-	(63)	(63)	(68)
Total from other activities	-	-	-	(126)	(126)	(131)
Total from other activities for the previous reporting period	-	-	-	(131)	(131)	

6. Board members' emoluments

Board members received £nil (2021: £nil) by way of reimbursement of expenses.

7. Employees- Key Management Emoluments

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

	2022 £ 000	2021 £ 000
Aggregate emoluments payable to key management (including pension contributions and benefits in kind)	74	78

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

More than £nil but not more than £10,000	1	2
More than £10,000 but not more than £20,000	4	3
More than £20,000 but not more than £30,000	1	1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

7. Employees - Key Management Emoluments (continued)

Key management personnel in the year were as follows:

Martin Armstrong	Group Chief Executive
Tom Barclay	Group Director of Property and Development
Olga Clayton	Group Director of Housing and Care
Steven Henderson	Group Director of Finance
Graham Isdale	Group Director of Corporate Affairs and Foundation
Frank McCafferty – from 1 March 2022	Group Director of Repairs and Assets

Employees – Staff

	2022 No.	2021 No.
The average monthly number of full time equivalent persons employed during the year was	6	6
The average total number of employees employed during the year was	7	7

	2022 £'000	2021 £'000
Staff costs during the year were as follows:		
Wages and salaries	226	214
Social security costs	22	21
Pension costs	28	27
FRS 102 pension adjustment	-	(21)
	<u>276</u>	<u>241</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

8. Other gains

Following a successful tenant ballot in 2019/20, the housing assets of Barony Housing Association (BHA) located in West Lothian and Bo'ness and the borrowings secured on those properties transferred to West Lothian Housing Partnership Limited on 17 May 2020, resulting in a gain on the transfer of £10,460k.

	2022 £'000	2021 £'000
Gain on transfer from Barony Housing Association	-	10,460
	<u>-</u>	<u>10,460</u>

The following amounts were transferred from Barony Housing Association

	2021 £000
Fixed assets	11,552
Current assets	21
Current liabilities	(4)
Net current assets	<u>17</u>
Creditors: amounts due falling due in over one year	(1,109)
	<u>10,460</u>

Loss on disposal of fixed assets

	2022 £'000	2021 £'000
Proceeds		-
Value of components (properties held for let) disposed of	-	(5)
	<u>-</u>	<u>(5)</u>

9. Finance income

	2022 £'000	2021 £'000
Bank interest receivable on deposits in the year	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

10. Finance charges

	2022 £'000	2021 £'000
Interest payable on intra group loans	869	830
Loan Breakage fees	-	524
Other financing costs	5	-
Net interest charge on pension liability	1	1
	<u>875</u>	<u>1,355</u>

11. Auditor's remuneration

	2022 £'000	2021 £'000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of these financial statements	15	8

12. Financial commitments

Capital commitments

All capital commitments of WLHP were as follows:

	2022 £'000	2021 £'000
Expenditure contracted for, but not provided in the financial statements	1,629	9,276
Expenditure authorised by the Board but not contracted	9,921	7,593
	<u>11,550</u>	<u>16,869</u>

13. Operating leases

At 31 March WLHP had total commitments under non-cancellable operating leases as follows:

	2022 £'000 Land and Buildings	2021 £'000 Land and Buildings
Commitments falling due:		
Within one year	18	18
In the second to fifth years inclusive	72	72
Over five years	50	68
	<u>140</u>	<u>158</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

14. Social Housing Properties

	Core Stock £'000	Housing Under Construction £'000	Total £'000
At valuation			
At 1 April 2021	35,880	18,928	54,808
Additions	877	8,698	9,575
Acquired in the year	-	-	-
Transfers	10,187	(10,187)	-
Disposals	-	-	-
Revaluation	(7,165)	-	(7,165)
At 31 March 2022	39,779	17,439	57,218
Accumulated Depreciation			
At 1 April 2021	-	-	-
Acquired in the year	-	-	-
Charge for year	1,618	-	1,618
Disposals	-	-	-
Revaluation	(1,618)	-	(1,618)
At 31 March 2022	-	-	-
Net Book Value – valuation			
At 31 March 2022	39,779	17,439	57,218
At 31 March 2021	35,880	18,928	54,808
Net Book Value – cost			
At 31 March 2022	63,074	17,439	80,513
At 31 March 2021	53,628	18,928	72,556

Total expenditure in the year on existing properties was £1,832k (2021: £898k). Of this, repair costs of £955k (2021: £636k) were charged to the Statement of Comprehensive Income (note 4) and capital works of £877k (2021: £262k) were included as additions to properties held for letting on the Statement of Financial Position (note 14). Additions to core stock in the year of £877k (2021: £262k) include:

- £548k for component additions including:
 - £49k on bathrooms;
 - £125k on heating system boilers; and
 - £88k on kitchens
 - £286k on windows
- The remaining balance of £329k of additions to existing properties not associated with a specific component includes £57k on void improvements and £24k of medical adaptations.

Additions to housing under construction include capitalised interest costs of £177k (2021: £152k). Interest has been capitalised at the weighted average interest cost for the Association of 4.08% (2021: 4.60%)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

14. Social Housing Properties (continued)

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors (“RICS”) to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RCIS at 31 March 2022 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 (2021: 5.75-6.50 % retained stock). The valuation assumes a real rental income growth of 0.5% for the first two years, followed by long-term real rental growth of 1.0% per annum, in line with the Association’s 30-year Business Plan (2021/22). 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.

The number of units of accommodation owned and managed by WLHP at 31 March is shown below:

	2022	2021
	No.	No.
General Needs	777	713
Supported housing	27	29
Total units	804	742

15. Other tangible assets

	Office improvements £’000	Furniture and equipment £’000	Total £’000
At valuation			
At 1 April 2021	574	24	598
Additions	-	-	-
At 31 March 2022	574	24	598
Accumulated Depreciation			
At 1 April 2021	378	22	400
Charge for year	61	2	63
At 31 March 2022	439	24	463
Net Book Value			
At 31 March 2022	135	-	135
At 31 March 2021	196	2	198

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

16. Trade and other debtors

	2022 £'000	2021 £'000
Arrears of rent and service charges	147	147
Less: provision for bad and doubtful debts	(60)	(57)
	87	90
Prepayments and accrued income	141	92
Other debtors	1,268	80
Due from other group companies	-	1
Total	1,496	263

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

17. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	5	1
Accruals	599	1,191
Deferred income (note 18)	11,133	12,476
Other creditors	81	85
Rent and service charges received in advance	102	99
Tax and social security	2	6
Due to other group companies	2,480	1,010
Due to other group companies (loan)	27,478	-
Total	41,880	14,868

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

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

	2022 £'000	2021 £'000
Deferred income	-	209
Due to other group companies	-	22,476
	-	22,685

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

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

Bank lending facility

Borrowing arrangements are in place via a Group facility consisting of bank and capital markets debt, secured on charged properties belonging to each of the RSLs within the Wheatley Housing Group. This facility was made up of a committed facility of £648.2m from a syndicate of commercial banks, two committed facilities totalling £274.5m from the European Investment Bank, £300.0m raised through the issue of a public bond, £150.0m private placement loan notes with BlackRock Real Assets and £100.0m facility with HSBC. This provided total facilities of £1,472.7m for RSLs within the Wheatley Group to develop new housing.

This facility is provided through Wheatley Funding No. 1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Limited, with WLHP having access to an intra-group facility of £49.5m, secured on its housing stock. Interest in the year has been charged at 4.15% (2021: 4.60%).

The Partnership has secured a major portion of its housing stock against this facility, however the remainder of its housing stock and any future new build properties will remain unsecured.

Borrowings are repayable as follows:

	2022 £'000	2021 £'000
In less than one year (note 18)	27,478	-
In more than one year but less than five years	-	-
In more than five years	-	22,476
	<u>27,478</u>	<u>22,476</u>

The deferred income balance is made up as follows:

	New Build Grant £'000
Deferred income as at 31 March 2021	12,685
Additional income received	3,190
Released to the Statement of Comprehensive Income	(4,742)
Deferred income as at 31 March 2022	<u>11,133</u>

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

Deferred income to be released to the Statement of Comprehensive Income:

	2022 £'000	2021 £'000
In less than one year (note 17)	11,133	12,476
In more than one year but less than five years	-	209
In more than five years	-	-
	<u>11,133</u>	<u>12,685</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

19. Pensions

Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit

West Lothian Housing Partnership 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. West Lothian Housing Partnership transferred to the SHAPS Defined Contribution scheme with effect from 1 September 2014.

The Trustee commissions an actuarial valuation of the Scheme every three years, with the last formal valuation of the Scheme being carried out at 30 September 2018.

The scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. FRS 102 requires the disclosure of the Group’s share of the assets and liabilities of the scheme within the financial statements and an evaluation of the scheme assets and liabilities has been carried out by an independent actuary as at 31 March 2021.

Following consideration of the results of the last valuation at 30 September 2018, the shortfall in the scheme reduced from £198m to £121m. It was agreed that this would continue to be dealt with by the payment of additional contributions. These were previously set at 5.4% of pensionable salaries per annum with effect from 1st April 2014 for a period of 8 years with the scheme expected to reach a fully funded position by 2022. The next formal valuation of the scheme is due to be carried out at 30 September 2021 and to ensure the ongoing funding of the scheme whilst the valuation is prepared, the Trustees have agreed to extend the period over which additional contributions are payable by one year to March 2023. Past service deficit contributions continue to increase each 1st April at a rate of 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the 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 currently participating 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

19. Pensions (continued)

A recent review of changes made to the scheme's benefit structure has been undertaken by the Trustees in line with their duty to administer the scheme in accordance with the rules. The review involves clarification of the treatment of historic changes made to scheme benefits and from initial findings it has been determined that in some cases it is unclear whether changes made to the scheme benefits have been in accordance with the governing documentation. Direction has been sought from the High Court and the matter is currently under consideration. Any potential requirement to review member benefits is not expected to have a material impact on the liabilities of the scheme based on current calculations and no provision has been made when valuing the scheme liabilities pending the outcome of the process.

Defined Benefit assets and obligations

The assumptions that have the most significant effect on the results of the valuation of the 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 2022	31 March 2021
Discount rate	2.70%	2.05%
Future salary increases	2.20%*	1.85%*
Inflation (CPI)	3.20%	2.80%

* future salary increases assumed to be 3.50% p.a. for the first year, 2.50% in year two and 2.00% p.a. thereafter.

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

- Current pensioner aged 65: 21.6 years (male) (2021 21.5 years), 23.9 years (female) (2021 23.4 years).
- Future retiree upon reaching 65: 22.9 years (male) (2021 22.8 years), 25.4 years (female) (2021 25.0 years).

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

19. Pensions (continued)

Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit

Movements in present value of defined benefit obligation

	2022 £'000	2021 £'000
Opening defined benefit obligation	736	632
Expenses	1	1
Interest cost	15	15
Actuarial (gains)/ losses	(33)	90
Estimated benefits paid	(1)	(2)
Closing defined benefit obligation	718	736

Movements in fair value of plan assets

	2022 £'000	2021 £'000
Opening fair value of plan assets	666	635
Expected return on plan assets	62	(4)
Interest income	14	16
Contributions by the employer	1	21
Estimated benefits paid	(1)	(2)
Closing fair value of plan assets	742	666

Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)
- (loss)

	(24)	-
Net liability	-	70

Expense recognised in statement of comprehensive income

	2022 £'000	2021 £'000
Administration costs	1	-
Interest on defined benefit pension plan obligation	1	1
Actuarial losses/ (gains)	(71)	93
Net cost	69	94

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is £71k gain (2021: £93k loss).

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

	2022 £ 000	2021 £ 000
Bonds	108	126
Equity	146	103
Liability Driven Investments	179	160
Property	41	27
Other	263	245
Cash	5	5
	742	666

Actual return on plan assets	76	12
------------------------------	----	----

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

20. Related party transactions

In general, WLHP gives West Lothian Council full nomination rights for all initial house lets, reverting to 50% nominations for subsequent vacancies thereafter.

WLHP retains a register of members' interests. The following interests in related parties are required to be declared:

Tenant Board Members

The following members are tenants of WLHP and have tenancies that are on WLHP's normal tenancy terms and they cannot use their positions to their advantage.

Lesley -Anne Williams
Judith McGlashan

Transactions and arrear balances outstanding at 31 March 2022 are as follows:

	2022 £'000
Rent charged during the year	9
Arrear balances outstanding at 31 March 2022	-

Other related parties

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

	Paid in the year £'000	Year end Balance £'000
2022		
Pensions Trust Scottish Housing Association Pension Scheme	10	-

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

There were no other related party transactions during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

21. Cash Flow Analysis

Reconciliation of surplus to net cash inflow from operating activities

	2022 £'000	2021 £'000
Surplus for the financial year	(1,208)	10,479
Less gain on business combination	-	(10,460)
	<u>(1,208)</u>	<u>19</u>
Depreciation of property, plant and equipment	1,681	1,541
Increase in trade and other receivables	(1,233)	(75)
Increase in trade payables	879	213
Decrease in provisions	-	-
Pension costs less contributions payable	-	(21)
<i>Adjustments for investing or financing activities:</i>		
Loss on disposal of fixed assets	-	5
Government grants utilised in the year	(4,742)	(538)
Interest paid	875	1,355
Interest received	-	-
Decrease/ (Increase) in valuation of housing properties	<u>5,547</u>	<u>(95)</u>
Net cash generated from operating activities	<u>1,799</u>	<u>2,404</u>

22. Ultimate parent organisation

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

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

SUPPLEMENTARY INFORMATION

Secretary and Registered Office

Anthony Allison
West Lothian Housing Partnership Limited
Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

Principal office

62 North Bridge Street
Bathgate
EH48 4PP

Independent Auditor

KPMG LLP
319 St Vincent Street
Glasgow G2 5AS

Banker

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