



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2024

Wheatley Homes East Limited

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

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2024.

Principal Activities

The principal activity of Wheatley Homes East Limited (“Wheatley Homes East”, “WHE”, “the Association”) is the provision and management of affordable rented accommodation. Wheatley Homes East has over 6,900 affordable homes in the east of Scotland.

OPERATING REVIEW

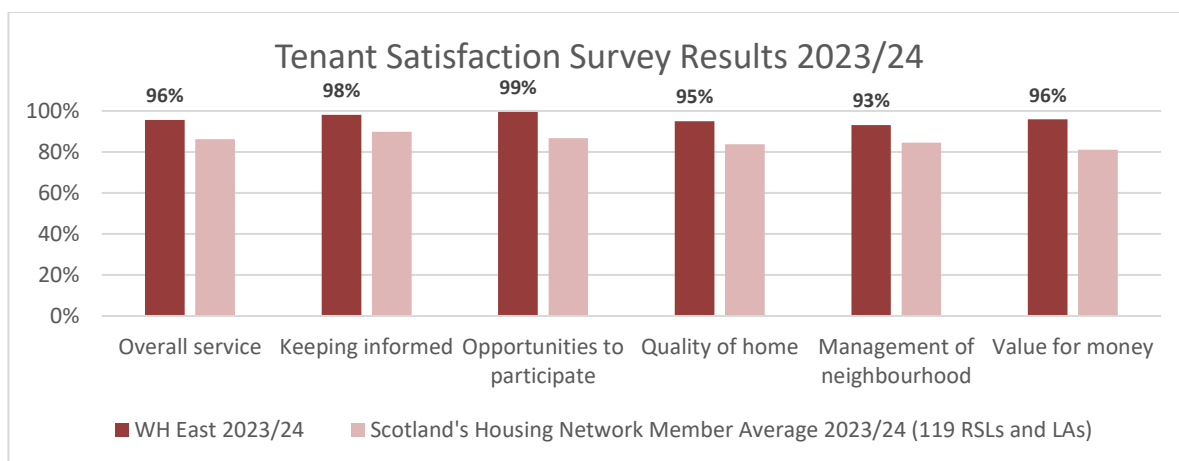
The year 2023/24, the mid-way point of our five-year strategy, ‘Your Home, Your Community, Your Future’, saw us continue to support our customers and place them at the heart of our services.

The difficult economic climate and the cost-of-living crisis had a serious impact on our customers’ lives. Our wraparound services were a lifeline, and supporting our customers, including their mental health, confidence and resilience, remained one of our top priorities. As always, our strong focus on customers and the close relationships we have developed helped us respond to their needs.

One of the biggest challenges across the sector has been the increase in demand for local authorities to tackle homelessness. Wheatley Homes East provided 274 homes for homeless people over the year which represented 59.13% of relevant lets this year working together with our partners to help tackle this serious issue.

The Wheatley Foundation, the Wheatley Housing Group’s charitable trust, supported 1,257 households a total of 3,142 times over the year to ease financial pressures, creating 220 jobs and training opportunities, helping 1,252 people with benefit claims, providing free furniture to 182 households, and much more.

This was also a year our updated, innovative operating model made a real difference. Our Customer First Centre continued to provide round-the-clock, expert support to customers, allowing housing officers to spend more time helping people in our communities. This was borne out in the results of our recent independent tenant satisfaction survey which saw us achieve an overall satisfaction score of 96% above the Scottish average of 86%. Our performance in our other key indicators was also above 90% and the Scottish average when compared against figures from Scotland’s Housing Network members as shown in the chart below:



Based on 362 tenant interviews carried out between October and November 2023

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Our Customer Voices programme improved tenant engagement, with over 150 customers involved in helping shape Wheatley services. Our latest tenant survey revealed high levels of customer satisfaction, some of the highest in the country, and provided feedback around increased opportunities to take part in decision-making, showing we are getting it right for customers.

We built 197 new homes in 2023/24 and invested £6.8m in planned improvements to our homes and communities. We also spent a further £12.8m on repairs and maintenance.

As we move into the final years of our strategy, we will continue to engage with our customers to adapt what we do to meet their changing needs and circumstances and provide the support they need.

Here are some of the highlights of the year.

Building new homes

Wheatley Homes East built 197 new homes over the year, 168 for social rent and 29 for mid-market rent.

Our completed homes included:

- 48 homes in Wallyford, made up of 33 for social rent and 15 for mid-market rent;
- 36 homes for social rent at Macmerry;
- 35 for social rent at Penicuik;
- 34 for social rent at Raw Holdings;
- 32 homes at Roslin, including 18 for social rent and 14 for mid-market rent; and
- 12 social rent homes at The Wisp.

We are well underway on new homes including 425 at West Craigs; 90 homes at Wallyford; 81 at Winchburgh; 46 at Deans South, Livingston; and 30 at Dalhousie South.

Wheatley Homes East, like all social landlords, faces a challenging economic environment, with the Scottish Government budget reduction to the affordable housing supply programme likely to have an impact on how many homes we can build. Our future pipeline relies on the availability of Government grant for new projects to start on site over the coming year. We are working with our local authority partners and the Scottish Government to consider options to grow the supply of much-needed affordable housing.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Investing in our homes

Wheatley Homes East delivered £6.8m of planned improvements to homes and communities over the year. This included:

- £1.4m on energy efficiency and external improvements to pre-1919 tenements at Rosemount Buildings, Yeaman Place, Dundee Street and McLeod Street, Edinburgh;
- £0.4m on new bathrooms for 87 homes;
- £0.4m on new kitchens for 77 homes in Elm Court, Mill Court, and North Fort Street;
- £0.3m on new windows for 50 homes, including Pirrie Street and Menzies Road in Bathgate;
- £0.5m on internal works and common areas (including lifts) & fire safety works at Slateford Green, Parliament Street & Gracemount developments ; and
- £0.6m on new heating systems and boilers for 56 homes and low rise works at Morrison Crescent

This investment also contributes to our aim of cutting emissions. In 2023/24, Wheatley Homes East reduced carbon emissions from its homes by 112.2 tonnes.

We also spent £102k on what customers told us were their priorities through Stronger Voices, including painting to Dunn Street; controlled entry systems in Caledonian Crescent, Springwell Place, and Thornybauk; and upgraded lighting in Bank Street, Lower Gilmore and Wheatfield Place.

Our repairs service

Wheatley Homes East carried out 31,218 repairs over the year. We launched our 'Book It, Track It, Rate It' app in June 2023 to help us improve customer satisfaction. As well as updating customers when their repair is booked and the tradesperson is on their way, it allows them to rate the service. The average rating on a scale of 1 to 5 is 4.3, which is equivalent to 86% satisfaction.

We continued our focus on dealing with reports of damp and mould in our homes. We have set quick response targets and aim to inspect complaints about damp or mould within two working days and to complete any repairs needed within 15 working days. Reports of damp and mould across our properties remain low and during the year we carried out a wider programme of external surveys which confirmed that our housing stock is in good condition.

Improving our neighbourhoods

We continued our work to keep our communities clean and safe. Wheatley's partnership with Keep Scotland Beautiful (KSB) sees the environmental charity assess the service delivered by our environmental teams. All Wheatley Homes East neighbourhoods have been rated as five-star, the highest possible grade. A total of seven Wheatley Homes East customers are now trained in KSB's standards and environmental monitoring and regularly take part in estate walkabouts with frontline staff, with more planned for next year.

We introduced a new 'Neighbourhood Champion' awards pilot scheme this year, which saw four Wheatley Homes East customers recognised for their work improving local communities. We also expanded our successful 'Environmental Week of Action' to take place four times a year. Working with schools, community groups, local authority partners and volunteers, we tackled bulk uplift and litter picking, as well as promoting recycled furniture, planting trees, creating community gardens and helping customers learn new horticultural skills.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Improving our neighbourhoods (continued)

Wheatley's Community Improvement Partnership (CIP), the specialist team of police officers and our Anti-Social Behaviour Prevention and Intervention (ASBIP) officers has been in place for a number of years and works with communities to tackle anti-social behaviour and crime. The CIP worked closely with Wheatley Homes East customers over the year on Anti-Social Behaviour and Neighbourhood Management policies. At the end of 2023/24, more than 85% of Wheatley Homes East communities were classed as 'peaceful'.

We helped protect customers from the risk of fire by carrying out 74 person-centred fire risk assessments, formerly known as home fire safety visits, in our homes last year. In 2023/24, we upgraded 21 smoke and heat detectors in homes; installed 20 stove guard devices; delivered fire-safety products such as air fryers, fire-retardant bedding and metal bins to 53 customers; installed specialised fire detection systems in four homes; and carried out fire-safety-related repairs in 30 homes. The number of accidental fires in our homes was unchanged from last year. Across Wheatley Group, the number of accidental fires in homes fell by 18%.

Letting homes

Wheatley Homes East allocated 274 homes to people who were homeless in 2023/24, including two through Housing First, a multi-agency partnership to tackle rough sleeping in which Wheatley Group plays a leading role, and eight homes 'flipped' to permanent homes for the homeless people living in them, including six 'flips' for Ukrainian refugees.

Engaging with customers

Around 150 Wheatley Homes East customers were involved in our Customer Voices programme this year, taking part in surveys, neighbourhood walkabouts, community events and other activities.

A total of 75 of those customers took part in panels and focus groups to help shape key services including around rent setting, housing performance, managing homes, anti-social behaviour and community safety. Our Group Scrutiny Panel is made up from members of our Customer Voices programmes and provides more focussed feedback on key service areas such as repairs and tenancy sustainment.

We continued to expand the number customers engaging with us online this year and encouraged them to contact us through our digital channels and online self-service accounts. Almost 29,400 people used the Wheatley Homes East website over the year, up 6,730 from the previous year. The number of followers on our social media channels in 2023/24 was 3,441, up 1,118 from the year before. We received 102 enquiries from customers on social media.

Almost 55% of our customer base, or around 4,090 Wheatley Homes East customers, were registered for an online account in 2023/24. Our online discounts scheme, MySavings, helped customers save money on their shopping. In 2023/24, 7,223 customers across Wheatley were registered for MySavings, an increase of 812 from last year.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Supporting our customers

Almost 30% of Wheatley Homes East customers are now on Universal Credit, an increase of 2% from last year which puts pressure on household budgets during the migration period. Our skilled team of welfare benefits advisors can assist customers to access the benefits they are entitled to.

This year our welfare benefits advisors supported 1,252 Wheatley Homes East customers this year, which resulted in £2m of financial gain. Our fuel advisors also helped 465 Wheatley Homes East customers this year.

Wheatley Foundation worked hard over the year to alleviate the effects of poverty on Wheatley Homes East customers and communities. We supported 1,257 households a total of 3,142 times including supporting 278 customers with food, 352 with their fuel bills, and 512 with their rent through our Here For You Fund.

Over the year, the Wheatley Foundation:

- gave 182 households upcycled furniture through our Home Comforts service;
- helped 55 new tenants with household budgeting, running a home and settling into their community through 'My Great Start';
- provided starter packs for 46 tenants who needed support moving into their home;
- provided free books every month to 122 children under five in our homes through the Dolly Parton Imagination Library initiative;
- secured 220 jobs, training and apprenticeship opportunities for Wheatley Homes East customers and communities this year; and
- awarded three people from our homes a bursary to go to university or college this year.

Independent auditor

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

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

Wheatley Homes East generated an operating surplus of £25.3m (2023: £41.6m) for the year. The prior year operating surplus included a non-recurring accounting gain of £20.2m in 2022/23 following the transfer of West Lothian Housing Partnership which is a key driver for the year-on-year movement. Operating surplus also includes a non-cash gain of £2.0m (2023: loss of £1.8m) reported in other gains and losses for the revaluation of our mid-market and commercial rental properties.

Before taking account of other gains and losses and the timing of grant income recognised on new build completions, an operating surplus was generated from core operations of £8.4m (2023: £6.7m). The increase of £1.7m in 2023/24 underlying operating surplus is driven by an improved income position providing capacity for the increased repairs and maintenance costs linked to inflationary pressures and increased demand.

Non-cash items reported within operating surplus are:

- In other gains and losses:
 - a non-recurring accounting gain on business combination in 2022/23 following the transfer of West Lothian Housing Partnership properties and other assets and liabilities of £20.2m was reported; and
 - a gain of £2.0m (2023: loss of £1.8m) on the revaluation of mid-market and commercial rental properties. A loss is reported on newly completed mid-market rent units on first valuation following completion. FRS 102 requires the associated grant income on these new completions to be recognised through profit or loss under the performance model and when the valuation is compared against gross development cost, this results in a non-cash accounting gain of £2.0m (2023: loss of £1.8m) being reported in operating surplus.
- Grant income recognised on the completion of new build properties is £14.9m compared to £16.4m in the prior year, a reduction of £1.5m. The grant received for new build is held on the Statement of Financial Position until the properties are completed when it is recognised as income through operating surplus. The amount recognised can vary from year-to-year dependant on the timing and size of the new build programme.

Total comprehensive income for the year was £37.0m (2023: £12.6m) which includes a gain in the valuation of social housing properties of £20.4m (2023: loss of £21.5m) representing the long-term value of investment in customers' homes and the investment in the new-build programme. While the valuation of social and mid-market rent properties increased this year, the basis of the Existing Use for Social Housing Valuation methodology ("EUV-SH") will not always reflect the scale of capital investment spend in the year.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Income

Turnover recognised in the Statement of Comprehensive Income for the year was £61.6m (2023: £58.5m). Of this £37.7m (2023: £33.8m) was generated through rental and service charge income, net of void losses. The remainder included:

- £14.9m of new build grant income recognised on the completion of new build properties (2023: £16.5m);
- £3.0m of investment property income from the letting of mid-market homes and commercial units (2023: £2.9m) which has increased due to the growth in the portfolio of mid-market rent properties following the completion 29 new properties in the year; and
- Within other income, £1.4m income at our workshop, providing repairs and investment services to other Wheatley Group subsidiaries (2023: £3.0m) and £2.5m Gift aid income received from Wheatley Development Scotland (2023: £0.6m).

Expenditure

Operating costs for the year amounted to £38.3m (2023: £35.4m), comprising the following main items:

- Letting activity management and administration costs of £5.9m (2023: £5.5m);
- Service costs of £2.6m (2023: £2.2m);
- Planned repair and reactive maintenance costs totalling £12.8m (2023: £10.6m);
- Bad debt costs of £0.3m (2023: £0.3m);
- Total depreciation costs of £14.2m (2023: £12.2m);
- Costs associated with our wider role in supporting communities of £0.8m (2023: £1.4m); and
- Costs attributable to the provision of repairs and investment services to other Group subsidiaries of £1.1m (2023: £2.4m).

Other expenditure in the year includes £8.0m of interest (2023: £6.8m) which is mainly interest on intra group loans which are used to fund the development on new build housing.

Cashflows

The cash flow statement of WHE is shown on page 21. WHE continued to deliver strong levels of cash with £24.8m generating from operating activities (2023: £23.4m). At 31 March 2024, cash and cash equivalents were £2.5m; a reduction of £0.1m in the year. This is after the investment of £6.8m in existing social housing properties and a further £69.4m in new build development after the receipt of £39.5m grant income during the year to support the development programme.

Liquidity

The Association reported net current liabilities as at 31 March 2024 of £23.2m (2023 £23.7m). Loan arrangements are in place which provide sufficient capacity along with £2.5m cash balances at the year end to allow WHE to meet liabilities as they fall due and enable further investment in existing stock and the new build programme.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Capital structure and treasury

WHE's activities are funded on the basis of a Business Plan which is updated annually. The main element of our long-term funding is the syndicated funds in Wheatley Funding No. 1 Ltd ("WFL1"), as detailed in note 21. WHE has access to an intra-group facility of £189.0m (2023: £169.5m) which is secured on its housing stock. Interest rate risk is managed at a group level by WFL1.

Investment in tenants' homes

During the year we invested £6.8m in improving tenant's homes (2023: £6.3m). At the year-end our social housing stock including housing under construction was valued at £522.5m (2023: £443.5m).

New Build

During the financial year we completed 197 new build properties. Our new build programme invested £70.7m in the year. The Business Plan includes a further projected spend of £443.0m on the new build programme over the next five years.

Reserves Policy

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

Revenue reserve

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

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

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

The revenue reserve may include revaluation gains on investment properties, such as any mid-market rent homes which are owned by the Association. Under FRS 102, gains or losses on investment properties must be taken to profit and loss, and therefore form part of the general revenue reserve. These gains are not available to be realised in cash, since selling the Association's interest in any mid-market rent properties would trigger grant clawback and would run counter to the Association's core charitable objective of supporting the provision of a range of affordable housing solutions to be provided for its customers.

The residual amount of revenue reserve, not represented by grant or gains on investment properties, may be invested by the Association in line with its 30-year business plan financial projections. Such investment is subject to the Association maintaining a viable financial profile over the life of its

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

business plan, as well as approval by the Wheatley Group Board. In approving the Association's business plan annually, the Wheatley Group Board will take into account projected compliance with the loan covenants which apply to the Wheatley RSL Borrower Group, as well as the impact of sensitivity analysis and other risk factors which may apply.

Revaluation reserve

The revaluation reserve represents, to the extent applicable, the increase in valuation which has occurred over and above the cost of additions to the Association's property (other than investment property). This reserve is therefore also not realisable, on the basis that to do so would involve selling social housing assets and would therefore undermine the Association's core charitable purpose.

Principal risks facing the Association

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

By order of the Board



Alastair Murray, Chair
16 September 2024

8 New Mart Road
Edinburgh
EH14 1RL

DIRECTORS' REPORT (continued)

WHEATLEY HOMES EAST BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2024 Wheatley Homes East's Rules allowed for the appointment of up to 12 Board members. With the exception of the Parent Appointee (if appointed), Board members are elected at the annual general meeting from the membership of the Association and retire by rotation every three years. Any member of the Association is entitled to stand for membership of the Board.

At 31 March 2024, there were 11 members (2023: 9 members) of the Wheatley Homes East Board: The members of the Board during the year are listed below:

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships during the year
Alastair Murray (Chair)	17 September 2020	21 September 2023	-	Wheatley Group Board West Lothian Housing Partnership Limited
Anne McGovern *	9 February 2017	21 September 2023	-	-
Heather Macnaughton	23 March 2023	21 September 2023	-	Wheatley Homes South: (resigned 29 March 2023) Wheatley Solutions Board
Helen Howden	17 September 2020	21 September 2023	-	Wheatley Foundation Limited
Jack Cadell	29 November 2018	22 September 2022	-	Wheatley Developments Scotland Limited
Jane Menzies*	23 December 2020	23 September 2021	26 June 2024	-
Judith MacGlashan*	22 September 2022	-	-	West Lothian Housing Partnership Limited
Ruth Kynoch	19 December 2017	23 September 2021	-	Wheatley Foundation Limited
Mark Keane*	28 November 2019	23 September 2021	13 May 2024	-
Martin Dorby	21 September 2023	-	29 May 2024	Joined Wheatley Homes South 29 May 2024
Fiona Burden	21 May 2024	-	-	Wheatley Homes South: (resigned 21 May 2024)

* tenant of the Association

Creditor payment policy

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

DIRECTORS' REPORT (continued)

Disclosure of information to auditor

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

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The Directors acknowledge their responsibility for ensuring that the Association has in place systems of control that are appropriate to its business environment. These controls are designed to give reasonable assurance with respect to:

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

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

The key procedures which have been established are as follows:

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

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

DIRECTORS' REPORT (continued)

STATEMENT OF BOARD'S RESPONSIBILITIES FOR A REGISTERED SOCIAL LANDLORD THAT IS A CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, and the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

By order of the Board



Alastair Murray, Chair
16 September 2024

8 New Mart Road
Edinburgh
EH14 1RL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOMES EAST LIMITED

Opinion

We have audited the financial statements of Wheatley Homes East Limited (“the Association”) for the year ended 31 March 2024 which comprise the Association’s Statement of Financial Position, the Association’s Statement of Comprehensive Income, the Association’s Statement of Changes in Reserves, and the Association’s Cash Flow Statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the Association as at 31 March 2024 and of the income and expenditure of the Association] for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014;
- have been prepared in accordance with the requirements of the Housing (Scotland) Act 2010, the Registered Social Landlords Determination of Accounting Requirements Order 2024, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Association’s Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the Association or to cease its operations, and as they have concluded that the Association’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the Board’s conclusions, we considered the inherent risks to the Association’s business model and analysed how those risks might affect the Association’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the Board’s assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Association’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOMES EAST LIMITED (CONTINUED)

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

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

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

We did not identify any additional fraud risks.

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

We also performed procedures including:

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

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOMES EAST LIMITED (CONTINUED)

Other information

The Association's Board are responsible for the other information, which comprises the Directors' report and the Statement on Internal Financial Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on page 12 does not provide the disclosures required by the relevant Regulatory Standards for systematically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit; or
- in our opinion, the information given in the Director's Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 and the Charities (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects

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

Board's responsibilities

As explained more fully in their statement set out on page 12, the Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOMES EAST LIMITED (CONTINUED)

Auditor's responsibilities

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

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

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

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



Michael Wilkie

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

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

319 St Vincent Street

Glasgow

G2 5AS

24 September 2024

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

	Notes	2024 £'000	2023 £'000
Turnover	3	61,593	58,549
Operating expenditure	3	(38,278)	(35,401)
Other gains/ (losses)	3	1,973	18,445
Operating surplus		25,288	41,593
Gain on disposal of fixed assets	10	590	647
Finance income	11	39	11
Finance charges	12	(7,975)	(6,768)
Increase/(decrease) in valuation of housing properties		20,394	(21,522)
(Decrease)/increase in valuation of other fixed assets		(28)	289
Surplus for the financial year		38,308	14,250
Actuarial loss in respect of pension schemes	24	(1,265)	(1,646)
Total comprehensive income for the year		37,043	12,604

All amounts relate to continuing operations.

The notes on pages 22 to 44 form part of these financial statements.

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

	Revenue Reserve £'000
Balance at 1 April 2022	221,578
Total comprehensive income	12,604
Balance at 1 April 2023	<u>234,182</u>
Total comprehensive income	37,043
Balance at 31 March 2024	<u>271,225</u>

All amounts relate to continuing operations.

The notes on pages 22 to 44 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2024

	<i>Notes</i>	2024 £'000	2023 £'000
Fixed assets			
Social housing properties	15	522,539	443,504
Other tangible fixed assets	16	10,421	10,392
Investment properties	17	43,704	37,145
		<u>576,664</u>	<u>491,041</u>
Current assets			
Stock	18	1,029	759
Trade and other debtors	19	6,892	7,966
Cash and cash equivalents		2,482	2,566
		<u>10,403</u>	<u>11,291</u>
Creditors: amounts falling due within one year	20	(33,633)	(35,029)
		<u>(23,230)</u>	<u>(23,738)</u>
Net current liabilities			
		553,434	467,303
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	21	(279,599)	(231,837)
		<u>273,835</u>	<u>235,466</u>
Provisions for liabilities			
Pension liability	24	(2,610)	(1,284)
Total net assets		<u>271,225</u>	<u>234,182</u>
Reserves			
Share capital	23	-	-
Revenue reserve		271,225	234,182
Total reserves		<u>271,225</u>	<u>234,182</u>

These financial statements were approved by the Board on 22 August 2024 and were signed on its behalf on 16 September 2024 by:

Alastair Murray
Chair

Helen Howden
Board Member

Anthony Allison
Secretary

The notes on pages 22 to 44 form part of these financial statements.

Charity registration number SC034572.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	<i>Notes</i>	2024 £'000	2023 £'000
Net cash generated from operating activities	26	24,797	23,391
Cash flow from investing activities			
Improvement of properties – housing stock		(6,797)	(6,316)
New build expenditure		(69,387)	(44,811)
Purchase of other fixed assets	16	(954)	(4,155)
Proceeds from disposal of properties	10	1,564	1,374
Grants received	21	39,887	26,617
Grants paid	21	-	(345)
Finance income	11	39	11
		<u>(35,648)</u>	<u>(27,625)</u>
Cash flow from financing activities			
Finance charges		(8,733)	(7,590)
Cash acquired on business combination		-	937
Financing draw down		25,500	15,500
Repayment of loan		<u>(6,000)</u>	<u>(4,000)</u>
		10,767	4,847
Net change in cash and cash equivalents		(84)	613
Cash and cash equivalents at 1 April		2,566	1,953
Cash and cash equivalents at 31 March		<u>2,482</u>	<u>2,566</u>

The notes on pages 22 to 44 form part of these financial statements

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

1. Legal status

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

2. Accounting policies

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

Basis of accounting

The financial statements of the Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2024, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for social housing providers 2014 (“SORP 2014”), issued by the National Housing Federation and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

The Group and Association prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2024 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan recognising that 2023/24 has been a year where challenging economic conditions prevailed including sustained high inflation rates. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The Board, after reviewing the Group and Association budgets for 2024/25 and the Group and Association’s financial position as forecast in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions have been set at an appropriate level to allow for customer difficulties in making payments; budget and business plan scenarios have been updated to take account of potential future changes in rent increases;
- Development activity – budget and business plan scenarios have taken account of fluctuating labour costs, project delays, supply chain instability and availability of grant funding impacting new build;

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

2. Accounting policies (continued)

- Maintenance costs – budget and business plan scenarios have been modelled to take account of a revised profile of repairs and maintenance expenditure including the effect of inflation and increased demand;
- Investment in existing homes– forecast expenditure has been remodelled to take account of additional investment spend;
- Liquidity – current available cash of £2.5m and access to undrawn loan facilities arranged through WFL1 of £234.8m, which are available to Wheatley Homes East and certain other Group RSLs, gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and
- The Group and Association's ability to withstand other adverse scenarios such as higher interest rates and inflation.

The Board believe the Group and Association have sufficient funding in place and are satisfied the Group and Association will be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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

Accounting judgements and estimations

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

Judgements have been made in:

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

Related party disclosures

The Association is a wholly-owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Association has taken advantage of the exemption, under the terms of

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

2. Accounting policies (continued)

FRS 102, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Turnover

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, grants and other income.

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

Grant income

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the Statement of Recommended Practice for social housing providers 2014 ("SORP 2014"). Prior to satisfying the performance conditions, capital grant is held as deferred income on the Statement of Financial Position.

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

Supported housing and shared ownership

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

Financial instruments

Loans provided by Wheatley Funding Number 1 Limited ("WFL1") are classed as basic financial instruments, under the requirements of FRS 102, and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

Deposits and liquid resources

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

Pensions

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

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

2. Accounting policies (continued)

In accordance with FRS 102, the WHE's share of the scheme assets and liabilities have been separately identified and are included in the Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. WHE's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension schemes.

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

Fixed assets – housing properties

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

- **Valuation of Social Housing Stock**

Social housing properties are valued annually on an Existing Use Value for Social Housing ("EUVS-SH") basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that results in an enhancement of the economic benefits of the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

- **Depreciation and impairment**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Group's asset management strategy and the requirement of the Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources.

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

	<u>Economic Life</u>
Land	n/a
Structure & roofs	50 yrs
Bathroom	25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works & common areas	20 yrs
Kitchen	20 yrs
Mechanical, electrical & plumbing	25 yrs
Windows and doors	30 yrs

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion.

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

2. Accounting policies (continued)

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

● **New build**

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

The Association's policy is to capitalise the following:

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

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

● **Non-social housing properties**

Mid-market rent properties are valued on an open market value subject to tenancies basis at the date of the Statement of Financial Position by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation and are held as investment properties and not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised improvement works.

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

Commercial properties are held as investment properties and not subject to depreciation. They are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are revalued at each reporting date.

New Build Grant and other capital grants

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

New Build Grant is recognised as income in the Statement of Comprehensive Income when new build properties are completed or the capital work carried out under the performance model. New Build Grant due or received is held as deferred income until the performance conditions are satisfied; at that point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

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

2. Accounting policies (continued)

Properties are disposed of under the appropriate legislation and guidance. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is abated and the grant removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay disclosed as a contingent liability.

Shared ownership

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

Other tangible fixed assets

For other tangible fixed assets with the exception of office premises, depreciation is charged on a straight-line basis over the expected useful economic lives of fixed assets to write off the cost, less estimated residual values over the following expected lives. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

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

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

Provisions

WHE only provides for liabilities at the date of the Statement of Financial Position where there is a legal or constructive obligation incurred which will probably result in an outflow of resources.

Taxation

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

Value Added Tax

WHE is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT.

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

3. Particulars of turnover, operating costs and operating surplus

	Turnover	2024 Operating costs	Other gains/ (losses)	Operating Surplus	2023 Operating Surplus
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	53,458	(34,941)	-	18,517	20,844
Other activities (note 5)	8,135	(3,337)	-	4,798	2,304
Gain on business combination (note 9)	-	-	-	-	20,202
Gain/ (loss) on investment properties (note 17)	-	-	1,973	1,973	(1,757)
Total	61,593	(38,278)	1,973	25,288	41,593
Total for previous reporting period	58,549	(35,401)	18,445	41,593	

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

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

	General Needs £'000	Supported Housing £'000	Shared Ownership £'000	2024 Total £'000	2023 Total £'000
Rent receivable net of service charges	32,283	2,475	1,018	35,776	31,931
Service charges	1,630	571	351	2,552	2,419
Gross income from rents and service charges	33,913	3,046	1,369	38,328	34,350
Less rent losses from voids	(514)	(108)	-	(622)	(546)
Net income from rents and service charges	33,399	2,938	1,369	37,706	33,804
Grants released from deferred income – new build	14,852	-	-	14,852	16,451
Other Revenue Grants	474	426	-	900	724
Total turnover from affordable letting activities	48,725	3,364	1,369	53,458	50,979
Management and maintenance administration costs	(4,192)	(1,462)	(281)	(5,935)	(5,542)
Service costs	(2,385)	(139)	(125)	(2,649)	(2,212)
Planned and cyclical maintenance including major repairs costs	(4,231)	(262)	(224)	(4,717)	(3,704)
Reactive maintenance costs	(7,233)	(422)	(381)	(8,036)	(6,923)
Bad debts – rents and service charges	(238)	(14)	(12)	(264)	(300)
Depreciation of affordable let properties	(12,236)	(698)	(406)	(13,340)	(11,454)
Operating costs for affordable letting activities	(30,515)	(2,997)	(1,429)	(34,941)	(30,135)
Operating surplus/(deficit) for affordable letting activities	18,210	367	(60)	18,517	20,844
Operating surplus/(deficit) for affordable letting activities for the previous reporting period	20,292	752	(200)	20,844	

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

5. Particulars of turnover, operating costs and operating surplus from other activities

	Grants From Scottish Ministers £'000	Other Revenue £'000	Total Turnover £'000	Total Operating Costs £'000	2024 Operating Surplus /(Deficit) £'000	2023 Operating Surplus /(Deficit) £'000
Wider role activities to support the community	-	195	195	(788)	(593)	(1,196)
Investment property activities	-	2,980	2,980	-	2,980	2,850
Other income	-	4,960	4,960	(1,652)	3,308	1,444
Factoring	-	-	-	-	-	11
Depreciation – Non Social Housing Organisation	-	-	-	(897)	(897)	(794)
Restructuring	-	-	-	-	-	(11)
Total from other activities	-	8,135	8,135	(3,337)	4,798	2,304
Total from other activities for the previous reporting period	-	7,570	7,570	(5,266)	2,304	

6. Board members' emoluments

Board members received £612 (2023: £467) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in the Association.

7. Employees- Key Management Emoluments

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

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

7. Employees - Key Management Emoluments (continued)

	2024	2023
	£'000	£'000
Aggregate emoluments payable to key management (excluding pension contributions)	92	176

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

More than £nil but not more than £10,000	1	-
More than £10,000 but not more than £20,000	5	5
More than £30,000 but not more than £40,000	-	2

The key management are defined for this purpose as the Chief Executive and the Group Executive team in post at 31 March 2024. Emoluments include relocation expenses where appropriate.

The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff. Pension contributions of £17k (2023: £32k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2024.

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

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

8. Employees

	2024	2023
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	222	205
The average total number of employees employed during the year was	263	247

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

8. Employees (continued)

	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	9,780	9,155
Social security costs	1,007	978
Employer's pension costs	575	513
FRS 102 adjustment	30	(430)
	11,392	10,216

In addition to the above staff costs the Association incurred agency staff costs of £242k during the year (2023: £230k).

9. Gain on business combination

In 2022/23, following a successful tenant ballot, assets and liabilities of West Lothian Housing Partnership ("WLHP") were subject to a transfer of engagements to Wheatley Homes East on 4 September 2022, resulting in a gain on business combination of £20,202k. There were no gains/ (losses) on business combinations in 2023/24.

	2024 £'000	2023 £'000
Gain on business combination	-	20,220
Loss on transfer of SHAPS pension from WLHP	-	(18)
	-	20,202

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

	2023 £000
Fixed assets	59,708
Current assets	1,645
Current liabilities	(41,133)
Net current assets	(39,488)
Transfer of SHAPS Defined Benefit Pension	(18)
	20,202

10. Gain on disposal of fixed assets

This represents net income from the disposal of fixed assets.

	2024 £'000	2023 £'000
Proceeds from disposal of properties	1,564	1,374
Value of properties disposed	(974)	(727)
Gain on sale of fixed assets	590	647

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

11. Finance income

	2024	2023
	£'000	£'000
Interest on bank deposits	39	11
	39	11

12. Finance charges

	2024	2023
	£'000	£'000
Interest on bank borrowings	745	655
Interest on intra group loans	7,083	6,028
Net interest charge on pension liability (note 24)	61	24
Other financing costs	86	61
	7,975	6,768

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

13. Auditor's remuneration

	2024	2023
	£'000	£'000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of these financial statements	85	85
	85	85

14. Financial commitments

Capital commitments

All capital commitments of the Association were as follows:

	2024	2023
	£'000	£'000
Expenditure contracted for, but not provided in the financial statements	55,071	56,672
Expenditure authorised by the Board, but not contracted	27,453	26,248
	82,524	82,920

Capital commitments are funded through a combination of grant received in relation to our new build programme, operating surplus generated by the Association, and private funding.

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

14. Financial Commitments (continued)

Operating leases

At 31 March 2024 WHE had total commitments under non-cancellable operating leases as follows:

	2024	2023
	£'000	£'000
	Land and	Land and
	Buildings	Buildings
Commitments falling due:		
Within one year	18	18
In the second to fifth years inclusive	72	72
Over five years	14	32
	104	122

15. Tangible fixed assets

Social Housing Properties

	General	Shared	Housing under	Total
	needs	ownership	construction	
	£'000	£'000	£'000	£'000
Valuation				
At 1 April 2023	368,205	17,886	57,413	443,504
Additions	6,728	-	70,745	77,473
Transfers	27,532	-	(32,519)	(4,987)
Disposals	(455)	(57)	-	(512)
Revaluation	5,060	2,001	-	7,061
At 31 March 2024	407,070	19,830	95,639	522,539
Accumulated Depreciation				
At 1 April 2023	-	-	-	-
Charge for year	12,934	406	-	13,340
Disposals	(6)	(1)	-	(7)
Revaluation	(12,928)	(405)	-	(13,333)
At 31 March 2024	-	-	-	-
Net Book Value – Valuation				
At 31 March 2024	407,070	19,830	95,639	522,539
At 31 March 2023	368,205	17,886	57,413	443,504
Net Book Value – Cost				
At 31 March 2024	464,118	17,768	95,638	577,571
At 31 March 2023	443,241	18,230	57,413	518,884

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

15. Tangible fixed assets (continued)

Total expenditure on repairs and capital improvements in the year on existing properties was £19,481k (2023: £16,943k). Of this, repair costs of £12,753k (2023: £10,627k) were charged to the Statement of Comprehensive Income (note 4) with capital improvement of £6,728k (2023: £6,316k) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £6,728k (2023: £6,316k) in the year include:

- £3,653k for component additions including:
 - £628k on heating system boilers, energy & low rise works;
 - £521k on internal works, common areas & fire safety;
 - £1,060k on structure and roofs;
 - £297k SHNZ works;
 - £349k on windows and doors;
 - £429k on bathrooms; and
 - £369k on kitchens;
- The remaining balance of £3,075k of additions to existing properties not associated with a specific component includes £1,399k on void improvements, £1,392k on capitalised repairs, and £284k of medical adaptations.

Additions to housing under construction include capitalised interest costs of £1.4m (2023: £0.8m). Interest has been capitalised at the weighted average interest cost for the association of 4.64% (2023: 3.90%).

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 RICS at 31 March 2024 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.75-7.00% have been used depending on the property archetype (2023: 5.75-7.00%). The valuation assumes a real rental income growth of 0.5% for the first year, followed by long-term real rental growth of 1.0% per annum for the Social Rented units, in line with the Association's 30-year Business Plan. Both mid-market and full market rent properties are assumed at a long-term real rental income growth of 0.50% throughout. The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Association at 31 March 2024 is shown below:

	2024	2023
	No.	No.
Social Housing		
General needs	6,277	6,111
Shared ownership	330	331
Supported housing	358	361
Total Units	6,965	6,803

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

16. Other tangible fixed assets

	Office premises £'000	Office improvements £'000	Other fixed assets £'000	Total £'000
Cost or Valuation				
At 1 April 2023	4,940	8,834	1,805	15,579
Additions	-	937	17	954
Revaluation	(152)	-	-	(152)
At 31 March 2024	4,788	9,771	1,822	16,381
Accumulated Depreciation				
At 1 April 2023	-	3,394	1,793	5,187
Charge for year	124	758	15	897
Revaluation	(124)	-	-	(124)
At 31 March 2024	-	4,152	1,808	5,960
Net Book Value				
At 31 March 2024	4,788	5,619	14	10,421
At 31 March 2023	4,940	5,440	12	10,392

Office premises were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2024 in accordance with the appraisal and valuation manual of the RICS.

17. Investments

Investment Properties

	Properties held for market rent £'000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2023	35,515	1,630	37,145
Additions	69	-	69
Disposals	(470)	-	(470)
Transfers	4,987	-	4,987
Revaluation taken to operating surplus	1,958	15	1,973
At 31 March 2024	42,059	1,645	43,704
Net Book Value			
At 31 March 2024	42,059	1,645	43,704
At 31 March 2023	35,515	1,630	37,145

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

17. Investments (continued)

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

The number of properties held for market rent by the Association at 31 March 2024 was:

	2024	2023
	No.	No.
Mid-market rent properties		
Total Units	402	378

Commercial properties were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2024 in accordance with the appraisal and valuation manual of the RICS.

18. Stock

	2024	2023
	£'000	£'000
Stock at maintenance depot	1,029	759
	<u>1,029</u>	<u>759</u>

19. Debtors

	2024	2023
	£'000	£'000
Due within one year:		
Arrears of rent and service charges	1,509	1,603
Adjustment to discount arrears balances with payment plans to NPV	(1)	(5)
Factoring debtors	566	470
Less: provision for bad and doubtful debts	<u>(1,084)</u>	<u>(997)</u>
	990	1,071
Prepayments and accrued income	1,020	790
Other debtors	4,477	5,689
Due from other group companies	405	416
	<u>6,892</u>	<u>7,966</u>

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

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

20. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Trade creditors	549	365
Accruals	2,648	7,510
Deferred income (note 21)	11,611	14,852
Rent and service charges received in advance	1,825	1,512
Other creditors	923	1,479
Tax and Social Security	204	257
Due to other group companies	15,873	9,054
	33,633	35,029

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

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

	2024	2023
	£'000	£'000
Housing loans	35,213	34,675
Due to other group companies	188,865	169,347
Deferred income	55,521	27,815
	279,599	231,837

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 £672.8m from a syndicate of commercial banks, two committed facilities totalling £270.7m from the European Investment Bank, £300.0m raised through the issue of a public bond, £264.0m private placement loan notes with BlackRock Real Assets and M&G Investment Management, a £50.0m facility with Barclays, a £35.0m facility with RBS, and £75.0m charitable bonds via Allia Social Impact Investments. This provided total facilities of £1,667.5m for RSLs within the Wheatley Group to develop new housing.

This facility is provided through Wheatley Funding No. 1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Limited with Wheatley Homes East having access to an intra-group facility of £189.0m, secured on its housing stock. Interest in the year has been charged at 4.73% (2023: 4.15%).

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

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

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

Borrowings are repayable as follows:	2024	2023
	£'000	£'000
In less than one year	-	-
In more than one year but less than five years	18,242	-
In more than five years	205,836	204,022
	224,078	204,022

Deferred income

The deferred income balance is made up as follows:

	New Build Grant £'000	Other £'000	Total deferred income £'000
Deferred income as at 31 March 2023	42,177	490	42,667
Additional income received	39,538	349	39,887
Released to the Statement of Comprehensive Income	(14,852)	(570)	(15,422)
Deferred income as at 31 March 2024	66,863	269	67,132

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:	2024	2023
	£'000	£'000
In less than one year (note 20)	11,611	14,852
In more than one year but less than five years	55,521	27,815
	67,132	42,667

22. Financial instruments

	2024	2023
	£'000	£'000
Financial assets:		
<u>Measured at amortised cost:</u>		
Trade debtors and accrued income	6,892	7,966
	6,892	7,966
Financial liabilities:		
<u>Measured at amortised cost:</u>		
Creditors, accruals and deferred income	89,154	62,844
Bank loans	224,078	204,022
	313,232	266,866

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

23. Share capital

	2024	2023
	£	£
Shares of £1 each issued and fully paid		
At 1 April	105	121
Issued during year	2	3
Surrendered during year	(0)	(19)
At 31 March	107	105

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

24. Pensions

Pensions Trust Scottish Housing Association Pension Scheme

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A Recovery Plan was put in place to eliminate the deficit which ran to 30 September 2022. In the years between the three yearly actuarial valuations, the Scheme Actuary provides an annual Actuarial Report which tracks the funding progress against the Scheme's agreed funding strategy. The 30 September 2023 report confirmed the Scheme's funding level had reduced from 98% at 30 September 2021 to 90%. The Scheme Actuary is unable to predict what the funding level will be on 30 September 2024 and while deficit contributions are not currently payable, this will be reassessed as part of the 2024 valuation. As an employer we are prepared for the possibility that deficit contributions may be reintroduced should a deficit be identified at 30 September 2024. If the Scheme follows the same approach as in previous valuations these will come into effect from 1 April 2026.

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

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

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

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

24. Pensions (continued)

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

Defined Benefit assets and obligations

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

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

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

In valuing the liabilities of the pension fund at 31 March 2024, mortality assumptions are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions in 2024 and 2023 are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: male 20.2 years, female 22.7 years (2023: 20.5 and 23.0 years, respectively)
- Future retiree upon reaching 65: male 21.4 years, female 24.1 years (2023: 21.7 and 24.4 years, respectively)

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

As at 31 March 2023, Hymans Robertson's CPI assumption methodology was updated. This adjustment resulted in the CPI assumption being 0.1% p.a. higher compared to the assumption that

would have been derived using the methodology adopted at 31 March 2022. The rationale for this was to include an allowance for high inflation experienced in 2022/23.

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

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

24. Pensions (continued)

<i>Movements in present value of defined benefit obligation</i>	2024	2023
	£'000	£'000
Opening defined benefit obligation	19,922	28,406
Transferred from West Lothian Housing Partnership	-	572
Expenses	30	26
Interest cost	936	875
Actuarial gains	(232)	(9,324)
Benefits paid	(537)	(633)
Closing defined benefit obligation	<u>20,119</u>	<u>19,922</u>

Movements in fair value of plan assets

	2024	2023
	£'000	£'000
Opening fair value of plan assets	18,638	28,488
Transferred from West Lothian Housing Partnership	-	554
Experience on plan assets (excluding net interest on the defined benefit liability)	(1,497)	(10,970)
Interest income on plan assets (excluding net interest on the defined benefit liability)	875	851
Contributions by the employer	30	430
Estimated benefits paid	(537)	(633)
Closing fair value of plan assets	<u>17,509</u>	<u>18,720</u>
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	-	(82)
Closing fair value of plan assets	<u>17,509</u>	<u>18,638</u>
Net liability	<u>(2,610)</u>	<u>(1,284)</u>

Expense recognised in Statement of Comprehensive Income

	2024	2023
	£'000	£'000
Current service cost	-	(430)
Administration costs	30	26
Interest on defined benefit pension plan obligation	61	24
	<u>91</u>	<u>(380)</u>

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

24. Pensions (continued)

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is £1,265k loss (2023: £1,646k loss).

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

	2024	2023
	£'000	£'000
Bonds	1,281	2,138
Equities	2,028	574
Liability driven investments	6,332	7,892
Other	6,522	6,595
Property	871	1,401
Cash	475	120
	17,509	18,720
Actual return on plan assets	(622)	(10,201)

25. Related party transactions

Members of the Management Board are related parties of the Association as defined by FRS 102.

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

Tenant Board Members:

Anne McGovern	Mark Keane – Resigned 13 May 2024
Jane Menzies	Judith McGlashan

Transactions and arrear balances outstanding at 31 March 2024, are as follows:

	2024
	£'000
Rent charged during the year	20
Arrears balances outstanding at 31 March 2024	-

Other related parties

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

	Paid in the year	Year end
	£'000	Balance
		£'000
2024		
Pensions Trust Scottish Housing Association Pension Scheme	-	-

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

There were no other related party transactions during the year.

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

26. Cash Flow Analysis

Cash flow from operating activities	2024	2023
	£'000	£'000
Surplus for the year	38,308	14,250
Less gain on business contribution	-	(20,202)
	38,308	(5,952)
 <u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	14,237	12,248
Increase in stock	(270)	(42)
Decrease in trade and other debtors	1,074	3,726
Increase in trade and other creditors	1,863	1,449
Pension costs less contribution payments	-	(404)
 <u>Adjustments for investing or financing activities:</u>		
Gain on disposal of tangible fixed assets	(590)	(647)
Government grants utilised in the year	(15,422)	(16,734)
Interest payable	7,975	6,768
Interest received	(39)	(11)
(Gain)/loss on investment activities	(1,973)	1,757
(Increase)/decrease in the valuation of housing properties	(20,394)	21,522
Decrease/(increase) in the valuation of other fixed assets	28	(289)
Net cash inflow from operating activities	24,797	23,391

27. Ultimate parent organisation

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

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

SUPPLEMENTARY INFORMATION

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