



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2024

Wheatley Homes Glasgow Limited

(Co-operative and Community Benefit Society No. 2572RS)
(Scottish Housing Regulator Registration No. 317)
(Scottish Charity No. SC034054)

DIRECTORS' REPORT

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

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation. Wheatley Homes Glasgow ("WH Glasgow") is Scotland's largest social landlord with over 42,000 affordable homes to let in Glasgow, firmly rooted in its local communities. It has a skilled, committed workforce of over 1,700 staff, who deliver sector-leading frontline services.

OPERATING REVIEW

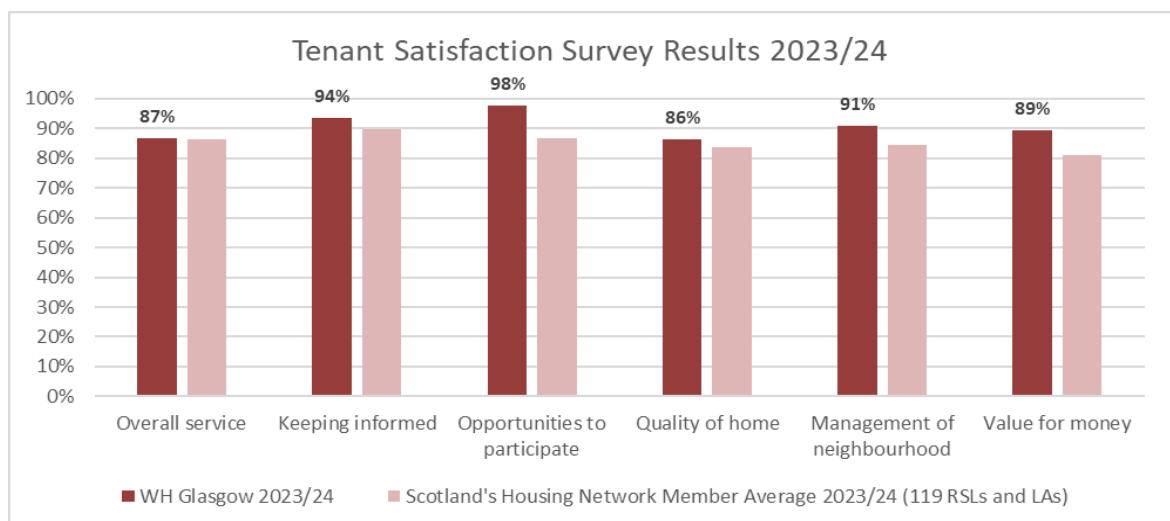
The year 2023/24, the mid-way point of our five-year strategy, 'Your Home, Your Community, Your Future' saw us continue to support our customers and place them at the heart of our services.

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 Glasgow provided 1,665 homes for homeless people over the year which represented 62% of all our lets this year working together with our partners in Glasgow City Council to help tackle this serious issue.

Wheatley Foundation, our charitable trust, supported 8,043 households a total of 19,747 times over the year to help ease financial pressures, creating 533 jobs and training opportunities, helping 5,278 people with benefit claims, providing free furniture to 817 households and much more.

This was also a year our updated, innovative operating model made a real difference. Our specialist repairs teams helped us further improve the service and staff in our Customer First Centre continued to provide round-the-clock, expert support to customers. These teams also allowed 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 WH Glasgow achieve an overall satisfaction score of 87% above the Scottish average of 86% placing us well to meet our strategic target of 90% by 2026. Our performance in our other key indicators was close to or above 90% and also above the Scottish average when compared against figures from Scotland's Housing Network members as shown in the chart below:



Based on 1,053 interviews carried out between May and November 2023

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Our Customer Voices programme improved tenant engagement, with over 500 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 71 new homes over the year and invested £50.2m in planned improvements to our homes and communities. We also spent a further £78.3m on repairs and maintenance.

Our plans for the £100million transformation of Wyndford gathered pace. By the end of 2023/24, our updated proposals included nearly 400 new affordable homes to be built as well as a new community hub and improved outdoor space. The four multi-storey blocks earmarked for demolition are now empty, with tenants there having moved to new homes in Wyndford or in other areas of their choice. The blocks are being prepared for demolition and work on the new homes will start soon after.

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 Glasgow built 71 homes over the year, all for mid-market rent. The completed homes included 35 at Shawbridge Street in Pollokshaws and 36 in Sighthill, in the second phase of new build on the site.

Work is also underway on 221 homes in two phases at Calton Village, and 47 new homes at Shandwick Street, Easterhouse. We currently have 141 new homes due on site, including 71 at Shawbridge Arcade, 58 at North Toryglen and 12 at South Annandale Street.

Wheatley Homes Glasgow, 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.

Investing in our homes

Wheatley Homes Glasgow delivered £50.2m of planned improvements to homes and communities over the year.

This included:

- £8.3m on mechanical, electrical and plumbing work including £2.9m on 'Connected Response' installations in 3,100 homes, £2m on new video-controlled entry systems and CCTV in Wyndford, Broomhill and Gorget and £1.1m on new emergency lighting in high-rise blocks in Castlemilk, Summerston and Craigton;
- £5.7m on new heating systems for 1,210 homes across the city;
- £2.3m on new windows, mainly for 158 homes in Pollok;
- £2.2m on work to internal common areas including fire safety measures; and
- £1.3m on new kitchens for 166 homes across the city.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

This investment also contributes to our aim of cutting emissions. In 2023/24, Wheatley Homes Glasgow reduced carbon emissions from its homes by 4,172 tonnes. This was achieved through investment in energy efficient heating systems, new windows and the installation of over 3,100 'Connected Response' smart controls for electric storage heating systems.

We also spent £475k on what customers told us were their priorities through Stronger Voices, including close decoration in Barmulloch, improved drainage in Easterhouse and new fencing in Milton.

Our repairs service

We launched our 'Book It, Track It, Rate It' app in May 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 4.5, which is equivalent to 90% satisfaction.

Our specialist "MyRepairs" team focuses on more complex repairs and has helped free up housing officers to spend more time with customers and in communities. We carried out 211,594 reactive repairs over the year.

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. We grade all reports of damp and mould and the vast majority are minor in nature, with very low numbers of cases where significant mould or damp are present. During the year we carried out a wide programme of condition surveys using a firm of independent property surveyors combined with in person visits from housing officers which confirmed that our housing stock is in good condition. We reviewed our approach to addressing reports of damp and mould against the new legislation introduced in England and found that our approach goes further and responds more quickly to attend to and resolve reported issues compared to the English regulations.

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. In 2023/24, 89% of Wheatley Homes Glasgow neighbourhoods were rated as five-star, the highest possible grade, with the rest working towards that target. A total of 17 Wheatley Homes Glasgow 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 also expanded our successful 'Environmental Weeks 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.

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 engaged with Wheatley Homes Glasgow customers during the year on Anti-Social Behaviour and Neighbourhood Management policies. At the end of 2023/24, around three quarters of neighbourhoods in north-east Glasgow, two-thirds in the north-west, and almost 80% in the south of the city, were classed as 'peaceful'. which is the highest ranking used by Police Scotland with all neighbourhoods meeting the satisfactory categorisation of 'safe'.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

We helped protect our customers from the risk of fire by carrying out 407 person-centred fire risk assessments, formerly known as home fire safety visits, in our homes last year. In 2023/24, we upgraded 72 smoke and heat detectors in homes; installed 109 stove guard devices; delivered fire-safety products such as air fryers, fire-retardant bedding and metal bins to 271 customers; installed specialised fire detection systems in 19 homes; and carried out fire-safety-related repairs in 155 homes. The number of accidental fires in our homes fell by 12% over the year.

Letting homes

Wheatley Homes Glasgow allocated 1,665 homes to people who were homeless in 2023/24, including 29 through Housing First, a multi-agency partnership to tackle rough sleeping in which the wider Wheatley Housing Group plays a leading role, and 139 homes 'flipped' to permanent homes for the homeless people living in them, including 115 'flips' for Ukrainian refugees.

Engaging with customers

Around 500 Wheatley Homes Glasgow customers were involved in our Customer Voices programme this year, taking part in surveys, neighbourhood walkabouts, community events and other activities. A total of 170 of those customers took part in panels and focus groups to help shape some of our 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. Other customers have been involved in other activities such as surveys, walkabouts and community events.

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. A total of 25,867 Wheatley Homes Glasgow customers, almost 60% of our customer base, 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.

More than 173,730 people used the Wheatley Homes Glasgow website over the year. The number of followers on our social media channels in 2023/24 was 27,632, up 1,689 from the year before, and we received 1,033 enquiries from customers on social media, up 229 from last year.

Supporting our customers

Almost 37% of Wheatley Homes Glasgow customers are now on Universal Credit, an increase of 3% 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 5,278 Wheatley Homes Glasgow customers, which resulted in £8.7m of financial gain. Our fuel advisors helped 2,399 Wheatley Homes Glasgow customers this year.

Wheatley Foundation worked hard over the year to alleviate the effects of poverty on Wheatley Homes Glasgow customers and communities. We supported 8,043 households a total of 19,747 times, including supporting 1,466 customers with food, 2,286 with their fuel bills, and 5,230 with their rent through our Here For You Fund. We also helped 799 customers access healthy, low-cost food at larders across Glasgow.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Over the year, we:

- gave 817 households upcycled furniture through our Home Comforts service;
- helped 781 new tenants with household budgeting, running a home and settling into their community through 'My Great Start';
- provided starter packs for 691 tenants who needed support moving into their home, as well as food starter packs containing basic food items to five households;
- secured 533 jobs, training and apprenticeship opportunities for Wheatley Homes Glasgow customers;
- awarded 35 people from our homes a bursary to go to university or college;
- provided free books every month to 419 children under five in our homes through the Dolly Parton Imagination Library initiative;
- helped 632 young people get online through our Click and Connect Youth Access programme;
- supported 271 young people in Glasgow take part in StreetWyze anti-knife crime workshops;
- provided 142 young people at college studying at pre-HNC/HND level with a 'wee bursary'; and
- helping 54 young people take part in Glasgow East Alcohol Awareness Project (GEAPP)'s support programme.

Independent auditor

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

FINANCIAL REVIEW

Wheatley Homes Glasgow generated an operating surplus of £15.3m (2023: £13.1m) for the year. The movement in the operating surplus is driven by the change in the revaluation of our mid-market and commercial rental properties reported in other gains and losses.

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 £12.1m (2023: £6.3m). The increase of £5.8m in 2023/24 underlying operating surplus is driven by an improved social letting income position and delivery of cost efficiencies 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 there is a downward movement of £1.7m (2023: downward movement of £5.1m) on the revaluation of mid-market and commercial rental properties. A downward valuation movement 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 loss of £1.7m (2023: £5.1m) being reported in operating surplus.
- In other gains and losses, in 2023, a non-recurring accounting gain on business combination following the transfer of Strathclyde Camphill properties in Glasgow and other assets and liabilities of £0.5m was reported.
- Grant income recognised on the completion of new build properties is £4.9m compared to £11.5m in the prior year, a reduction of £6.6m. 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.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Turnover recognised in the Statement of Comprehensive Income in the year was £231.6m (2023: £228.3m). Of this total, 89% or £207.0m (2023: 88% or £200.6m) was generated through rental and service charge income, net of void losses. The remainder included:

- Grant income recognised on the completion of new build properties, grant received from the Social Housing Net Zero fund, grant for medical adaptations and property acquisitions totalling £10.5m (2023: £15.0m)
- Investment property income from the letting of mid-market homes and commercial shop units totalling £7.9m (2023: £7.6m)
- Other income for installation of bike shelters and EV charging points, way leave and solar panels and gift aid income from Wheatley Developments Scotland Ltd totalling £3.4m (2023: £1.9m)
- Income for support activities totalling £2.1m (2023: £2.0m)
- £0.2m (2023: £0.6m) of development & construction of property activities income in relation to funds received for re-investment into the housing properties

Operating costs for the year amounted to £214.5m (2023: £210.5m). The main items of expenditure were as follows:

- Letting activity management and administration costs of £41.4m (2023: £47.9m)
- Planned repair and reactive maintenance costs of £22.2m and £56.1m respectively (2023: £22.8m and £45.2m)
- Total depreciation costs of £73.1m (2023: £70.5m)
- Restructuring costs of £4.5m (2023: £2.9m)
- Costs associated with our wider role in supporting communities of £5.2m (2023: £9.5m), including donations to Wheatley Foundation of £2.4m (2023: £3.8m) to provide continued support for our customers through this financially challenging period

Interest costs in the year of £50.8m (2023: £47.2m) are £3.6m higher than the prior year due to increased borrowing to fund the development of new build housing.

A movement in the fair value of financial instruments of £3.7m gain (2023: £0.8m gain) reports the non-cash accounting adjustment on the contingent efficiencies grant reported within creditors falling due after more than one year. This adjusts the creditor outstanding to amortised cost and is in line with the accounting policy on financial instruments in note 2.

After taking account of core trading, other gains and losses, net finance charges and non-cash fair value movement on financial instruments, Wheatley Homes Glasgow generated a deficit for the financial year of £31.5m (2023: deficit of £32.0m).

Cashflows

The cash flow statement of the Association is shown on page 22. Wheatley Homes Glasgow continued to deliver strong levels of cash with £89.8m generating from operating activities (2023: £87.5m), an increase of £2.3m when compared to prior year. Cash generated from operating activities, as well as additional borrowing drawn in the year, was re-invested into improving our existing housing stock. Cash and cash equivalents in the year decreased by £0.8m (2023: increased by £6.6m).

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Liquidity

The Association reported total reserves of £793.0m, an increase of £155.2m in the year. Social housing properties increased in value by £190.7m 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.

Net current liabilities as at 31 March 2024 of £70.0m (2023: net current liabilities: £53.8m) were reported. Net rent arrears were £7.7m (2023: £4.5m), after taking account of the bad debt provision of £7.3m (2023: £7.5m). The value of rent arrears reported at the financial year end varies depending on the timing gap between the end of the four-weekly rental billing period and the year end date. The rent arrears reported at 31 March can include technical arrears for amounts due which are associated with the timing of direct payment for housing benefit. At the rent billing period end in March, after adjusting for prepaid rent, the rent arrears were broadly consistent at 5.86% compared to 5.84% at the comparable rent period end in 2023.

Borrowings due after more than one year have increased to £1,025.1m from £972.7m due to the Association's investment of £41.7m in its new build programme. Cash balances are managed at an appropriate level through the Group funding subsidiary Wheatley Funding No 1 Limited to match the needs of the business and the cost of borrowing.

Capital structure and treasury

The Association's activities are funded on the basis of a business plan which is updated annually. The main elements of our long-term funding are syndicated bank facilities and bond funding provided through Wheatley Funding No. 1 Limited ("WFL1"), a related entity, as detailed in note 20. The Association has access to an intra-group facility of £1,036.5m which is secured on its housing stock (2023: £985.0m). Interest rate risk is managed at a group level by WFL1.

Investment in tenants' homes

During the year we invested £50.1m in improving tenant's homes (2023: £47.6m). At the year-end our housing stock (including housing under construction) was valued at £1,784.2m (2023: £1,583.8m).

New Build

During the financial year we completed 71 new build properties across two developments. Our new build programme invested £41.7m in the year. The Business Plan includes a further projected spend of £420.2m on the new build programme over the next five years.

Pensions

Wheatley Homes Glasgow has defined benefit ("DB") pension arrangements with Strathclyde Pension Fund ("SPF"). The financial statements have been updated to reflect the results of the actuarial valuation at 31 March 2024 and show a DB pension liability in relation to unfunded obligations of £2.0m (2023: asset of £2.5m). In line with accounting rules the value of the pension asset reported relating to funded obligations has been limited to the extent to which any benefit would be available to the employer in the form of reduced future contributions. The value of the unfunded obligations have been excluded from this calculation.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Reserves Policy

Under the Statement of Recommended (Accounting) Practice ("SORP") 2014 and Financial Reporting Standard ("FRS") 102, the Association operates with 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
- support received from the Scottish Government as part of establishing the viability of the Association's business plan under the original stock transfer arrangements

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.

Revenue reserve (continued)

The revenue reserve includes revaluation gains on investment properties, including the Association's portfolio of commercial properties and its ownership of mid-market rent homes which are leased to and managed by Lowther Homes. 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 mid-market rent properties would trigger grant clawback and would run counter to the Association's core charitable objective of supporting the provision of a range of affordable housing solutions to be provided for its customers.

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

Revaluation reserve

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

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Reserves Policy (continued)

Pension reserve

The pension reserve is not a cash reserve available for investment. It represents the amount by which the actuarial valuation of the Association's share of pension assets exceeds or is less than its notional pension liabilities. Under FRS 102, the reserve contained within the Statement of Financial Position assumes a continuing membership of the pension scheme. Withdrawing from the scheme in order to attempt to realise any surplus would involve liabilities being revalued onto an "exit" basis, with a significant additional premium attached to compensate the pension fund for the risk of reduced membership and inability to seek future contributions from the related members. Notwithstanding this issue, it is the Association's intention to continue membership of the Strathclyde Pension Fund on a long-term basis.

Principal risks facing the Association

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



Maureen Dowden, Chair
17 September 2024

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

DIRECTORS' REPORT (continued)

WHEATLEY HOMES GLASGOW BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2024 Wheatley Homes Glasgow's Rules allowed for the appointment of up to 10 Board members (including co-optees) as follows:

- Up to 4 tenant Board members
- Up to 3 Parent Appointees
- Up to 1 independent Board members
- Up to 2 council Board members

The Board could also co-opt members, subject to the maximum number of 10 Board members.

At 31 March 2024 there were 8 members (2023: 9 members) of the Wheatley Homes Glasgow Board: 2 tenant members, 3 parent appointees, 2 council members and 1 independent.

DIRECTORS' REPORT (continued)

WHEATLEY HOMES GLASGOW BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS (continued)

The members of the Board during the year are listed below:

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Bernadette Hewitt (Chair until 15 Sept 2023 & tenant member)	30 May 2014	18 September 2020	15 September 2023	Wheatley Housing Group (WHG) Limited Lowther Homes (from 15 Sept 2023)
Patrick Gray (parent appointee)	1 May 2017	25 May 2023	-	Wheatley Foundation (Chair)
Councillor Kenny McLean (Glasgow City Council appointee)	30 May 2014	15 September 2023	-	-
Councillor Frank McAveety (Glasgow City Council appointee)	20 June 2017	15 September 2023	-	-
Cathy McGrath (Vice Chair and Tenant member)	21 September 2017	21 September 2023	-	Wheatley Foundation
Andrew Clark (Independent)	30 November 2018	16 January 2022	-	Wheatley Developments Scotland Limited City Building Glasgow LLP
Robert Keir (Tenant Member)	13 August 2021	-	13 September 2024	-
Derek Frank Treanor (Parent appointee)	25 November 2022	-	20 September 2023	-
Maureen Dowden (Chair (from 15 Sept 2023) & Parent appointee)	16 September 2022		-	Wheatley Housing Group Limited Wheatley Solutions Limited Group Audit Committee Group Remuneration, Appointments, Appraisal and Governance Committee, Wheatley Homes South (until 20 September 2023) Lowther Homes (until 27 September 2023)
Carol Ballingall (Tenant Member)	19 May 2023	-	1 March 2024	-
Allan Clow (Parent appointee)	25 January 2024	-	-	Wheatley Developments Scotland Limited
Rhona Paterson (tenant Member)	16 August 2024	-	-	-
MaryAnn Amiwero (tenant Member)	16 August 2024	-	-	-

DIRECTORS' REPORT (continued)

WHEATLEY HOMES GLASGOW BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS (continued)

Creditor payment policy

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

Disclosure of information to auditor

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

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

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 IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS

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 and charity 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, 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, the Housing (Scotland) Act 2010, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the Registered Social Landlords Determination of Accounting Requirements 2024. 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



Maureen Dowden, Chair
17 September 2024

Wheatley House
25 Cochrane Street
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INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES GLASGOW LIMITED AND THE TRUSTEES OF WHEATLEY HOMES GLASGOW LIMITED

Opinion

We have audited the financial statements of Wheatley Homes Glasgow 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.

INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES GLASGOW LIMITED AND THE TRUSTEES OF WHEATLEY HOMES GLASGOW LIMITED (CONTINUED)

Opinion (Continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

Our risk assessment procedures included:

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

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

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

We did not identify any additional fraud risks.

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

We also performed procedures including:

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

Identifying and responding to risks of material misstatement 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.

INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES GLASGOW LIMITED AND THE TRUSTEES OF WHEATLEY HOMES GLASGOW LIMITED (CONTINUED)

Opinion (Continued)

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.

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

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES GLASGOW LIMITED AND THE TRUSTEES OF WHEATLEY HOMES GLASGOW LIMITED (CONTINUED)

Opinion (Continued)

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 Association has not maintained a satisfactory system of control over its transactions; 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 14, 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.

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.

INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES GLASGOW LIMITED AND THE TRUSTEES OF WHEATLEY HOMES GLASGOW LIMITED (CONTINUED)

Opinion (Continued)

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	231,567	228,272
Operating expenditure	3	(214,541)	(210,463)
Other losses	3	(1,688)	(4,667)
Operating surplus		15,338	13,142
Loss on disposal of fixed assets	10	(23)	(252)
Finance income	11	285	1,609
Finance charges	12	(50,789)	(47,247)
Movement in fair value of financial instruments		3,684	769
Deficit for the financial year		(31,505)	(31,979)
Unrealised surplus on the valuation of housing properties		190,705	76,883
Unrealised deficit on the valuation of other fixed assets		(1,317)	(4,159)
Actuarial loss in respect of pension schemes		(2,733)	(47,660)
Total comprehensive surplus/(loss) for the year		155,150	(6,915)

All amounts relate to continuing operations.

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

	Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2022	279,874	364,863	644,737
Total comprehensive loss for the year	(6,915)	-	(6,915)
Transfer of reserves for the revaluation of housing properties	(76,883)	76,883	-
Transfer of reserves for the revaluation of other fixed assets	4,159	(4,159)	-
Balance at 31 March 2023	200,235	437,587	637,822
Total comprehensive surplus for the year	155,150	-	155,150
Transfer of reserves for the revaluation of housing properties	(190,705)	190,705	-
Transfer of reserves for the revaluation of other fixed assets	1,317	(1,317)	-
Balance at 31 March 2024	165,997	626,975	792,972

The notes on pages 23 to 49 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	1,784,173	1,583,777
Other tangible fixed assets	16	64,810	58,227
Investment properties	17	87,944	71,940
Investments - other	17	12,073	12,073
		<u>1,949,000</u>	<u>1,726,017</u>
 Pension asset	 23	 -	 2,505
Current assets			
Trade and other debtors	18	47,729	43,858
Cash and cash equivalents		3,427	4,270
		<u>51,156</u>	<u>48,128</u>
 Creditors: amounts falling due within one year	 19	 <u>(121,197)</u>	 <u>(101,908)</u>
Net current liabilities		<u>(70,041)</u>	<u>(53,780)</u>
 Total assets less current liabilities		 1,878,959	 1,674,742
 Creditors: amounts falling due after more than one year	 20	 <u>(1,081,819)</u>	 <u>(1,035,048)</u>
		797,140	639,694
 Provisions for liabilities			
Pension liability	23	(2,035)	-
Other provisions	21	(2,133)	(1,872)
Total net assets		<u>792,972</u>	<u>637,822</u>
 Reserves			
Share capital	22	-	-
Revenue reserve including pension reserve		165,997	200,235
Revaluation reserve		626,975	437,587
Total reserves		<u>792,972</u>	<u>637,822</u>

These financial statements were approved by the Board on 16 August 2024 and signed on its behalf on 17 September 2024 by:

Maureen Dowden
Chair

Patrick Gray
Board member

Anthony Allison
Secretary

The notes on pages 23 to 49 form part of these financial statements.

Charity registration number SC034054.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	<i>Notes</i>	2024 £000	2023 £000
Net cash generated from operating activities	25	<u>89,772</u>	<u>87,491</u>
Cash flow from investing activities			
Improvement of social housing properties	15	(50,053)	(47,627)
Construction of new properties		(40,835)	(19,108)
Purchase of other fixed assets	16	(16,785)	(16,338)
Improvement of investment properties	17	(190)	(515)
Proceeds from disposal of properties	10	329	106
Grants received	20	14,071	10,891
Finance income		<u>10</u>	<u>4</u>
		(93,453)	(72,587)
Cash flow from financing activities			
Finance charges		(48,662)	(44,730)
Cash transferred in business combination		-	382
Financing drawn down		54,500	36,000
Financing repayment		<u>(3,000)</u>	<u>-</u>
		2,838	(8,348)
Net change in cash and cash equivalents		<u>(843)</u>	<u>6,556</u>
Cash and cash equivalents at beginning of the year		4,270	(2,286)
Cash and cash equivalents at end of the year		3,427	4,270
Cash and cash equivalents at 31 March			
Cash		<u>3,427</u>	<u>4,270</u>
		<u>3,427</u>	<u>4,270</u>

The notes on pages 23 to 49 form part of these financial statements

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

1. Legal status

Wheatley Homes Glasgow Limited (“WH Glasgow” or “the Association”) is a wholly owned subsidiary of The Wheatley Housing Group (“WHG”). The Association is registered under the Co-operative and Community Benefit Societies Act 2014 No.2572RS and is a registered Scottish charity No.SC034054. Wheatley Homes Glasgow 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.

The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL. Wheatley Homes Glasgow Limited 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.

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. These updated scenarios include severe but plausible downsides. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The 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 £3.4m and access to undrawn loan facilities arranged through WFL1 of £234.8m which are available to Wheatley Homes Glasgow and other Group RSLs, gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group and Association's ability to withstand other adverse scenarios such as higher interest rates and inflation.

The Board believe the Group and Association have sufficient funding in place and expect the Group and Association to 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 FRS 102, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.

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

2. Accounting policies (continued)

Turnover

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

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

Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation.

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.

Any movement in the value of financial instruments recognised in the Statement of Comprehensive Income relates to any in-year adjustments for changes in the value of payment arrangement in place with customers, and the Scottish Government loan.

Deposits and liquid resources

Cash, 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.

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

2. Accounting policies (continued)

Pensions

The Association participates in a defined benefit pension scheme arrangement with the Strathclyde Pension Fund ("the Fund"). The Fund is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. The Fund provides benefits based on final pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of the Fund are held separately from those of the Association. The Association accounts for its participation in the Fund in accordance with FRS 102 which requires disclosures presented for both the current and comparative period. FRS 102 also requires that quoted securities are valued at their current bid-price rather than their mid-market value.

The Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The Association's share of the Fund surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the Fund surplus/deficit is split between operating charges, finance items and, in the statement of comprehensive income under actuarial gain or loss on pension schemes.

Fixed assets – housing properties

In accordance with 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**

Housing properties are valued annually on an Existing Use Value for Social Housing ("EUV-SH") basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Housing stock has been split into two streams of property for valuation purposes, namely housing retained for letting and demolition programme properties. This separation into categories is on the basis of the Association's 30-year Business Plan which identifies the core stock which will be the subject of the Association's investment expenditure going forward and the stock which forms part of the demolition programme, and consequently has limited investment expenditure attached to it.

The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that result 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.

Increases in the valuation of social housing properties are reported as other comprehensive income, accumulated in equity and reported as a revaluation reserve. Revaluation decreases reduce the accumulated gains and thereafter are recognised in profit or loss. Subsequent valuation gains are recognised in profit or loss to the extent they reverse a valuation decrease previously recognised in profit or loss.

On disposal, the value of the property is offset against the proceeds of sale and the gain or loss on disposal is taken to the Statement of Comprehensive Income.

- **Depreciation and impairment**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the 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. Freehold land is not subject to depreciation.

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

2. Accounting policies (continued)

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>
Bathrooms	25 yrs
Community Infrastructure	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works & common areas	20 yrs
Kitchens	20 yrs
Mechanical, Electrical & Plumbing	25 yrs
Structure & roofs	50 yrs
Windows and doors	30 yrs

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

Where there is evidence of impairment, the fixed assets are written down to the 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.

• **Properties held for demolition**

Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, and so is held at £nil on the statement of financial position as under FRS 102 there is no constructive obligation at the date of the statement of financial position to provide for these costs.

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**

Housing for Mid-Market Rent is 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.

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

2. Accounting policies (continued)

Mid-market rent properties owned by the Association are currently leased to Lowther Homes Limited at the prevailing market rate. These properties are managed by Lowther Homes Limited.

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 which point it is recognised as income in the statement of comprehensive income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

Properties are disposed of under the 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.

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>
Computer equipment (cost)	3 – 7 yrs
Community infra-structure (cost)	20 yrs
District heating scheme (cost)	30 yrs
Furniture, fittings and office equipment (cost)	5 yrs
Office premises (valuation)	40 yrs
Motor vehicles (cost)	4 yrs

Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are carried out at each reporting date.

Stock

Where WH Glasgow enters into development agreements in conjunction with third party housing associations and incurs the cost of the development, the contractual share of costs yet to be billed to the third party is recognised in stock. Stock is accounted for at the lower of cost or net realisable value.

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

2. Accounting policies (continued)

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 Association 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

The Association 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

The Association 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

	2024			2023	
	Turnover	Operating costs	Other losses	Operating Surplus	Operating Surplus
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	217,566	(191,518)	-	26,048	30,430
Other activities (note 5)	14,001	(23,023)	-	(9,022)	(12,621)
Valuation movement on investment properties (note 17)	-	-	(1,688)	(1,688)	(5,133)
Gain on business combination (note 9)	-	-	-	-	466
Total	231,567	(214,541)	(1,688)	15,338	13,142
Total for previous reporting period	228,272	(210,463)	(4,667)	13,142	

**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

	2024	2023			
	General Needs £'000	Supported Housing £'000	Shared Ownership £'000	Total £'000	Total £'000
Rent receivable net of service charges	203,529	4,133	54	207,716	200,714
Service charges	1,724	35	-	1,759	1,930
Gross income from rents and service charges	205,253	4,168	54	209,475	202,644
Less rent losses from voids	(2,403)	(49)	(1)	(2,453)	(2,076)
Net income from rents and service charges	202,850	4,119	53	207,022	200,568
Grants released from deferred income – new build	4,811	98	1	4,910	11,499
Other revenue grants	5,521	112	1	5,634	3,543
Total turnover from affordable letting activities	213,182	4,329	55	217,566	215,610
Management and maintenance administration costs	(40,568)	(824)	(11)	(41,403)	(47,935)
Service costs	(6,090)	(124)	(2)	(6,216)	(4,487)
Planned and cyclical maintenance including major repairs costs	(21,747)	(442)	(6)	(22,195)	(22,791)
Reactive maintenance costs	(54,953)	(1,116)	(15)	(56,084)	(45,220)
Bad debts – rents and service charges	(1,398)	(28)	-	(1,426)	(2,422)
Depreciation of affordable let properties	(62,900)	(1,277)	(17)	(64,194)	(62,325)
Operating costs for affordable letting activities	(187,656)	(3,811)	(51)	(191,518)	(185,180)
Operating surplus for affordable letting activities	25,526	518	4	26,048	30,430
Operating surplus for affordable letting activities for the previous reporting period	29,795	628	7	30,430	

**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	-	502	502	(5,152)	(4,650)	(8,919)
Investment property activities	-	7,930	7,930	(404)	7,526	6,793
Support activities	-	2,055	2,055	(2,164)	(109)	(98)
Demolition activities	-	-	-	(155)	(155)	(1,316)
Other income	-	3,362	3,362	(1,743)	1,619	1,304
Depreciation – Non Social Housing	-	-	-	(8,871)	(8,871)	(8,134)
Organisation Restructuring	-	-	-	(4,534)	(4,534)	(2,880)
Development & Construction of Property Activities	-	152	152	-	152	629
Total from other activities	-	14,001	14,001	(23,023)	(9,022)	(12,621)
Total from other activities for the previous reporting period	-	12,662	12,662	(25,283)	(12,621)	

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

6. Board members' emoluments

Board members received £1,100 (2023: £2,419) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in the Association.

7. Key management emoluments

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

	2024	2023
	£ 000	£ 000
Aggregate emoluments payable to key management (excluding pension contributions)	527	571

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

More than £50,000 but no more than £60,000	1	-
More than £60,000 but not more than £70,000	-	2
More than £70,000 but not more than £80,000	-	3
More than £80,000 but not more than £90,000	-	-
More than £90,000 but not more than £100,000	5	-
More than £100,000 but not more than £110,000	-	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 £99k (2023: £106k) 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

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

8. Employees

	2024	2023
	No.	No.
The average total number of employees employed during the year was	1,752	1,740
The average monthly number of full time equivalent persons employed during the year was	1,721	1,708

All staff are employed by the Association with its costs being recharged to the other group companies where appropriate.

	2024	2023
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	66,546	62,113
Social security costs	6,800	6,608
Employer's pension costs	9,398	8,603
FRS 102 adjustment	1,903	9,444
	84,647	86,768

9. Other Gains/(Losses)

Gain on business combination

In 2022/23 16 units at Strathclyde (Camphill) Housing Society Limited were transferred to Wheatley Homes Glasgow, along with all related asset and liabilities realising a gain of £0.5m. There were no gains/ (losses) on business combinations in 2023/24.

	2024	2023
	£'000	£'000
Gain on business combination	-	466
	-	466

The following amounts were transferred:

	2023
	£000
Fixed assets – Social Housing Properties	441
Other fixed assets	-
Investment properties	-
Current assets	394
Current liabilities	(369)
Net current assets	25
Creditors: amounts due falling due in over one year	-
	466

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

10. Loss on disposal of fixed assets

This includes net income from the sale of two social rent properties and one commercial property (2023: five social rent properties) and any gain/(loss) on the disposal of fixed assets in the year.

	2024			2023		
	£'000	£'000	£'000	£'000	£'000	£'000
	Properties	Other assets	Total	Properties	Other assets	Total
Net proceeds from disposal of assets	314	15	329	53	53	106
Value of assets disposed	(338)	(14)	(352)	(305)	(53)	(358)
(Loss)/gain on sale of fixed assets	(24)	1	(23)	(252)	-	(252)

11. Finance income

	2024	2023
	£'000	£'000
Bank interest received	10	4
Interest on intra group loans	179	162
Interest on pension scheme (note 23)	96	1,443
Total	285	1,609

12. Finance charges

	2024	2023
	£'000	£'000
Interest on intra group loans	47,608	44,193
Other financing costs	3,181	3,054
Total	50,789	47,247

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

13. Auditor's remuneration

	2024	2023
	£'000	£'000
The remuneration of the auditor (excluding VAT):		
Audit of these financial statements	130	130

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

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	64,867	29,560
Expenditure authorised by the Board, but not contracted	14,838	26,150
	79,705	55,710

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

Operating leases

At 31 March the Association had annual commitments under non-cancellable operating leases as follows:

	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
	Land and Buildings	Other	Land and Buildings	Other
Operating leases that fall due:				
Within one year	438	1,325	338	90
In the second to fifth years inclusive	1,589	38	1,040	148
Over 5 years	1,072	-	1,153	-
	3,099	1,363	2,531	238

Lease commitments under FRS 102 include the timing of the full payment due under contract.

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

15. Tangible fixed assets – Social Housing Properties

	Core Stock £'000	Shared Ownership £'000	Housing Under Construction £'000	Total £'000
Valuation				
At 1 April 2023	1,545,566	601	37,610	1,583,777
Additions	50,053	-	41,672	91,725
Disposals	(93)	-	-	(93)
Transfers	2,290	-	(20,037)	(17,747)
Revaluation	126,406	105	-	126,511
At 31 March 2024	<u>1,724,222</u>	<u>706</u>	<u>59,245</u>	<u>1,784,173</u>
Accumulated Depreciation				
At 1 April 2023	-	-	-	-
Charge for year	64,186	8	-	64,194
Revaluation	(64,186)	(8)	-	(64,194)
At 31 March 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value - Valuation				
At 31 March 2024	<u>1,724,222</u>	<u>706</u>	<u>59,245</u>	<u>1,784,173</u>
At 31 March 2023	<u>1,545,566</u>	<u>601</u>	<u>37,610</u>	<u>1,583,777</u>
Net Book Value - Cost				
At 31 March 2024	<u>1,613,592</u>	<u>298</u>	<u>59,245</u>	<u>1,673,135</u>
At 31 March 2023	<u>1,625,676</u>	<u>306</u>	<u>37,610</u>	<u>1,663,592</u>

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

	2024	2023
Social Housing		
General needs	41,276	41,270
Supported housing	838	868
Shared ownership	<u>11</u>	<u>11</u>
Housing held for long-term letting	42,125	42,149
Housing approved / planned for demolition	638	608
Total Units	<u>42,763</u>	<u>42,757</u>

The housing valuation has been based on the number of houses held for social letting.

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

15. Tangible fixed assets – Social Housing Properties (continued)

Total expenditure on repairs and capital improvements in the year on existing properties was £128.4m (2023: £115.6m). Of this, repair costs of £78.3m (2023: £68.0m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £50.1m (2023: £47.6m) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £50.1m (2023: £47.6m) in the year include:

- £21.5m for component additions including:
 - £0.4m on bathrooms;
 - £5.7m on heating system boilers;
 - £2.2m on internal works and common areas;
 - £1.3m on kitchens;
 - £8.3m on mechanical, electrical and plumbing;
 - £1.3m on structure and roofs; and
 - £2.3m on windows and doors.

- The remaining balance of £28.6m of additions to existing properties not associated with a specific component includes £13.7m on void improvements, £3.7m of medical adaptations and £11.2m of capitalised repairs.

Additions to housing under construction include capitalised interest costs of £0.8m (2023: £0.3m). Interest has been capitalised at the weighted average interest cost for the Association of 4.64% (2023: 3.90%).

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Association's demolition programme, as detailed in the Association's 30-year Business Plan for 2024/25. The demolition programme identifies 638 (2023:608) properties for demolition over the next few years, with no long-term investment expenditure associated with these properties.

Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, and so is held at £nil on the Statement of Financial Position as under FRS 102 there is no constructive obligation at the date of the Statement of Financial Position to provide for these costs.

Retained stock for letting has been valued at £1,724.9m. Housing under construction, with a NBV of £59.2m, is not included within this total.

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.

During 2023/24 two social rent properties were disposed of with sales proceeds of £17k (2023: five properties, £53k).

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

16. Other tangible fixed assets

	Community infra- structure £'000	District heating £'000	Office premises £'000	Furniture, fittings & equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation						
At 1 April 2023	21,604	11,587	12,605	30,552	60,418	136,766
Additions	5,363	852	1,291	1,253	8,026	16,785
Disposals	-	-	-	(36)	-	(36)
Revaluation	-	-	(1,900)	-	-	(1,900)
At 31 March 2024	26,967	12,439	11,996	31,769	68,444	151,615
Accumulated Depreciation						
At 1 April 2023	4,044	4,352	-	28,496	41,647	78,539
Charge for year	1,191	321	583	986	5,790	8,871
Disposals	-	-	-	(22)	-	(22)
Revaluation	-	-	(583)	-	-	(583)
At 31 March 2024	5,235	4,673	-	29,460	47,437	86,805
Net Book Value						
At 31 March 2024	21,732	7,766	11,996	2,309	21,007	64,810
At 31 March 2023	17,560	7,235	12,605	2,056	18,771	58,227

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.

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

17. Investments

Investment Properties

	Properties held for market rent £'000	Commercial Properties £'000	Total £'000
Valuation			
At 1 April 2023	59,950	11,990	71,940
Additions	175	15	190
Disposals	-	(245)	(245)
Transfers	17,747	-	17,747
Revaluation taken to operating surplus	(2,125)	437	(1,688)
At 31 March 2024	75,747	12,197	87,944
Net Book Value			
At 31 March 2024	75,747	12,197	87,944
At 31 March 2023	59,950	11,990	71,940

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 was:

	2024	2023
Market Rent Properties		
Total Units	884	813

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.

Investments - other

Due after more than one year:

	2024 £'000	2023 £'000
Unsecured subordinated convertible loan due from Lowther Homes Limited	12,073	12,073

WH Glasgow has an unsecured subordinated convertible loan with Lowther Homes Limited, a related group company. FRS 102 requires that the principal amount and interest payments be fair valued and shown as debt on the balance sheet (note 18). The difference between this and the principal amount of the instrument should be recognised as the fair value of equity component.

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

18. Debtors

	2024	2023
	£'000	£'000
Due in more than one year:		
Due from other group companies	18,504	18,325
	18,504	18,325
Due within one year:		
Arrears of rent and service charges	15,166	12,167
Adjustment to discount arrears balances with payment plans to NPV	(121)	(123)
Less: provision for bad and doubtful debts	(7,324)	(7,496)
	7,721	4,548
Prepayments and accrued income	4,622	2,851
Other debtors	8,346	6,868
Due from other group companies	8,536	11,266
	47,729	43,858
Total	47,729	43,858

The balance due from other group companies in more than one year relates to the unsecured subordinated convertible loan with Lowther Homes Limited. This debt was issued in November 2014 and is due to mature in 2043. Interest on this instrument has been charged at 5.67% in the year (2023: 5.67%).

The Wheatley Foundation has agreed to deliver certain charitable community programmes on the Wheatley Homes Glasgow's behalf. Under this arrangement, these programmes were funded in part during the year by Wheatley Homes Glasgow agreeing that the interest receipt due from Lowther Homes Limited would be paid directly to the Wheatley Foundation on its behalf.

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

19. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Trade creditors	4,969	3,671
Accruals	24,273	29,664
Deferred income (note 20)	23,811	10,864
Rent and service charges received in advance	19,865	10,794
Salaries, wages, other taxation and social security	679	2,434
Other creditors	12,145	10,249
Due to other group companies	35,455	34,232
	121,197	101,908
Total	121,197	101,908

Amounts owed to 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 after more than one year

	2024	2023
	£'000	£'000
Scottish Government contingent efficiencies grant	46,280	47,914
Deferred income	10,422	14,431
Amount due to group company	1,025,117	972,703
Total	1,081,819	1,035,048

Scottish Government contingent efficiencies grant

The Scottish Government made available to Wheatley Homes Glasgow £100.0m of contingent efficiencies grant over an eight-year period. Under this agreement £100.0m (2023: £100.0m) has been received which is an interest free loan with repayment due in 2040/41. The amount due of £46.3m at 31 March 2024 (2023: £47.9m) is the measurement of the liability after discounting for an equivalent interest bearing arrangement with the same repayment date. This treatment is consistent with FRS 102 which requires financial instruments to be measured at amortised cost. The movement in the balance in the year relates to:

- interest costs £2.1m (2023: £2.0m)
- fair value movement gain of £3.7m (2023: gain of £0.8m)

Interest costs are reported within finance charges (note 12). The movement in the fair value is reported on the face of the Statement of Comprehensive Income.

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 WH Glasgow having access to an intra-group facility of £1,036.5m, secured on its housing stock. Interest in the year has been charged at 4.73% (2023: 4.15%).

Wheatley Homes Glasgow has secured a major portion of its social and market rent housing stock (£1,777.8m) against this facility. At 31 March 2024, 8.45% (£164.3m) of WH Glasgow's housing properties remained unsecured.

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

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

Borrowings are repayable as follows:	2024	2023
	£'000	£'000
In less than one year	187	187
In more than one year but less than two years	-	-
In more than two years but less than five years	-	-
In more than five years	1,024,930	972,516
	<hr/> 1,025,117	<hr/> 972,703

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 1 April 2023	19,341	5,954	25,295
Additional income received	13,887	184	14,071
Released to the Statement of Comprehensive Income	(4,910)	(223)	(5,133)
Deferred income as at 31 March 2024	<hr/> 28,318	<hr/> 5,915	<hr/> 34,233

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 19)	23,811	10,864
In more than one year but less than five years	10,422	14,431
In more than five years	-	-
	<hr/> 34,233	<hr/> 25,295

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

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

Financial instruments	2024	2023
	£'000	£'000
Financial assets:		
<u>Measured at amortised cost:</u>		
Debtors and accrued income	29,225	25,533
<u>Measured at fair value:</u>		
Due from other group companies	18,504	18,325
Total	47,729	43,858
	2024	2023
	£'000	£'000
Financial liabilities:		
<u>Measured at amortised cost:</u>		
Creditors, accruals and deferred income	1,156,736	1,089,042
<u>Measured at fair value:</u>		
Scottish Government loan	46,280	47,914
Total	1,203,016	1,136,956

Income earned and expense payable on the financial assets and liabilities is disclosed in notes 11 and 12 respectively.

21. Provisions for liabilities and charges

	Insurance	Dilapidation Provision	Total
	£'000	£'000	£'000
At 1 April 2023	522	1,350	1,872
Created in the year	619	280	899
Utilised	(47)	(591)	(638)
At 31 March 2024	1,094	1,039	2,133

Insurance

A provision is held in respect of the excess arising on all outstanding insurance claims.

Dilapidation Provision

This provision represents the estimated costs of dilapidation works required under lease contracts for office properties leased by WH Glasgow.

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

22. Share capital

	2024	2023
	£	£
Shares of £1 each issued and fully paid		
At 1 April	10	9
Issued during year	2	3
Surrendered during year	(3)	(2)
	9	10
At 31 March	9	10

Each member holds one fully paid £1 share that is cancelled on cessation of membership. Share capital does not carry any voting rights or rights to dividend payments.

23. Pensions

Strathclyde Pension Fund

The Wheatley Homes Glasgow participates in the Strathclyde Pension Fund which is administered by Glasgow City Council and is a defined benefit scheme. Strathclyde Pension Fund is part of the wider Local Government Pension Scheme ("LGPS") in Scotland. The assets of the scheme are held separately from those of the Association with investments under the overall supervision of the Fund Trustees. The latest full actuarial valuation was carried out as at 31 March 2024.

In preparing the formal valuation at 31 March 2024 an allowance for full GMP indexation and an estimate of the impact of the McCloud judgement was also included based on eligibility criteria of members for inclusion in the agreed remedy.

Wheatley Housing Group Defined Contribution Scheme

The Wheatley Group also operates a defined contribution scheme through Cushon Master Trust. These arrangements are open to all employees of WH Glasgow who are not members of the Strathclyde Pension Fund.

Defined Benefit assets and obligations

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

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

*Salary increases are assumed to be 4.50% for 24/25, 2.50% for 25/26 and 2.00% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2024, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity.

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

23. Pensions (continued)

The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.1 years (male) (2023: 19.3 years), 23.2 years (female) (2023: 22.2 years).
- Future retiree upon reaching 65: 20.8 years (male) (2023: 20.5 years), 24.4 years (female) (2023: 24.2 years).

	Males	Females
Current Pensioners	20.1 years	23.2 years
Future Pensioners*	20.8 years	24.4 years

*Figures assume members aged 45 as at the last formal valuation date.

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 WH Glasgow has been allocated a share of cost under an agreed policy throughout the periods shown.

Movements in present value of defined benefit obligation

	2024	2023
	£'000	£'000
Opening defined benefit obligation	397,395	566,579
Service cost	11,990	20,375
Interest cost	18,855	15,439
Actuarial losses/ (gains)	34,791	(195,991)
Contributions by members	2,677	2,498
Estimated benefits paid	(17,242)	(11,505)
	448,466	397,395

Movements in fair value of plan assets

	2024	2023
	£'000	£'000
Opening fair value of plan assets	616,845	624,745
Expected return on plan assets	29,256	16,882
Actuarial gains/ (losses)	40,386	(26,706)
Contributions by the employer	10,087	10,931
Contributions by the members	2,677	2,498
Estimated benefits paid	(17,242)	(11,505)
	682,009	616,845

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

23. Pensions (continued)

	2024	2023
	£'000	£'000
Present value of funded defined benefit obligations	(446,431)	(396,451)
Present value of unfunded defined benefit obligations	(2,035)	(944)
Fair value of plan assets	682,009	616,845
Re-measurements for change in asset ceilings	(235,578)	(216,945)
Net (liability)/ asset	(2,035)	2,505

Expense recognised in the statement of comprehensive income

	2024	2023
	£'000	£'000
Current service cost	7,845	16,318
Past service cost	4,145	4,057
Net interest on net defined benefit obligation (note 11)	(96)	(1,443)
	11,894	18,932

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £2,733k loss (2023: £47,660k loss).

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

	2024	2023
	£'000	£'000
Equities	395,566	370,106
Corporate bonds	184,142	172,717
Property	68,201	61,685
Cash	34,100	12,337
	682,009	616,845
Actual return on plan assets	69,642	(9,824)

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

24. 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

The following members who were in office during the year are tenants or factored homeowners of the Association and have tenancies or factoring agreements that are on the Association's normal terms and they cannot use their positions to their advantage.

- Carol Ballingall (appointed 19 May 2023/ resigned 1 March 2024)
- Bernadette Hewitt (resigned 15 September 2023)
- Robert Keir (resigned 13 September 2024)
- Cathy McGrath
- Rhona Paterson (appointed 16 August 2024)
- MaryAnn Amiwero (appointed 16 August 2024)

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

	2024
	£'000
Rent charged during the year	21
Arrears balances outstanding at 31 March 2024	-

Other related parties

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

	Invoiced/paid in the year	Year end balance
	£'000	£'000
2024		
Transforming Communities Glasgow	-	-
Barmulloch Community Development	-	-
Strathclyde Pension Fund	10,087	-

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

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

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

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

25. Cash Flow Analysis

Cash flow from operating activities	2024	2023
	£'000	£'000
Deficit for the year	(31,505)	(31,979)
Less gain on business combination	-	(466)
 <u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	73,065	70,459
(Increase)/decrease in trade and other debtors	(1,573)	3,903
Increase in trade and other creditors	4,223	1,057
Increase/(decrease) in provisions	261	(277)
Pension costs less contribution payments	1,903	9,444
 <u>Adjustments for investing or financing activities:</u>		
Loss on disposal of fixed assets	23	252
Government grants utilised in the year	(5,133)	(14,904)
Interest paid	50,789	47,247
Interest received	(285)	(1,609)
Movement in fair value of financial instruments	(3,684)	(769)
Loss on investment activities	1,688	5,133
 Net cash inflow from operating activities	 89,772	 87,491

26. Ultimate parent organisation

The Association is a 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

Secretary and Registered Office

Anthony Allison
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Glasgow G1 1HL

Independent auditor

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Glasgow G2 5AS

Bankers

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