



WHEATLEY GROUP CAPITAL PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2024

Wheatley Group Capital plc

Registered number SC477446

Wheatley Group Capital plc
Directors' report and financial statements for the year ended 31 March 2024

DIRECTORS' REPORT

The directors present the annual report and audited financial statements for the year to 31 March 2024.

OPERATING REVIEW

Principal activities and future developments

The principal activity of Wheatley Group Capital plc is the administration of the Wheatley Group corporate bond. The bond finance is used to fund the Group's Registered Social Landlord subsidiaries ("RSL subsidiaries").

The Company is expected to continue with these principal activities for the foreseeable future.

Business review

The Company is a wholly owned subsidiary of the Wheatley Housing Group Limited.

The Company issued a £300m corporate bond placed on behalf of the Wheatley Housing Group RSL subsidiaries on 28 November 2014, of which £50m was retained. The retained portion was disposed of on 30 January 2015. During the year the Company has recharged the interest on the corporate bond to the RSL subsidiaries in through another wholly owned subsidiary company, Wheatley Group Funding No.1 Limited ("WFL1"), which administers the financing arrangement for the Group's RSL subsidiaries.

The Company has recharged WFL1 for interest incurred on the bond finance.

Proposed dividend

The directors do not recommend payment of a dividend.

Directors and directors' interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Caroline Gardner CBE

Eric Gibson

Iain Macaulay – appointed 26 August 2024

Pauline Turnock

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

The Board is supported in discharging its duties by the Wheatley Group Audit Committee.

Disclosure of information to auditor

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


Wheatley Group Capital plc
Directors' report and financial statements for the year ended 31 March 2024

DIRECTORS' REPORT (continued)

Independent auditor

The directors appointed KPMG LLP to act as auditor of the financial statements for the financial year ended 31 March 2024. In accordance with Section 489 of the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditor is to be proposed at the forthcoming Annual General Meeting of Wheatley Group Capital plc.

On behalf of the Board

Signed by:

86353D964D6F4DB...

Caroline Gardner CBE

Director

16 September 2024

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

Wheatley Group Capital plc

Directors' report and financial statements for the year ended 31 March 2024

STRATEGIC REPORT

Review of the business

A review of the business for the year ended 31 March 2024 is included in the Directors' Report on page 1. Set out below are the key areas of financial performance.

Turnover

Turnover for the year ended 31 March 2024 was £40k (2023: £43k) for the Company. This was generated through charges to the parent company of costs incurred.

Expenditure

Administrative expenses incurred for the year of £40k (2023: £43k) comprised bank and auditor's fees.

Finance income and charges

Interest and related charges incurred on the Company borrowings for the year of £13,125k (2023: £13,125k) were charged to the parent company.

Key performance indicators ("KPIs")

Analysis of KPIs to an extent greater than that presented above is not considered necessary given the operations of the Company.

Going concern

As a special purpose vehicle set up to issue the Wheatley Group bond which comprises part of the funding of the RSL subsidiaries of the Wheatley Group ("RSL Borrower group"), the financial viability of the Company reflects that of the RSL subsidiaries. The RSL subsidiaries have access to sufficient funds to meet their current liabilities as they fall due. There are therefore no material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. Further detail on the assessment of going concern is provided in note 2.

Corporate Governance Statement

The Company complies with the UK Listing Authority's Rules. In accordance with Rule 17, details of the administrative, management and supervisory bodies which govern the Company, are set out on page 1.

Statement on internal control

The internal control and risk management systems which cover the Group's consolidated annual financial statements are set out below.

Background and responsibility

The system of internal controls is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:-

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised;
- Manage them efficiently, effectively and economically;
- Safeguard assets against unauthorised use or disposition; and
- Manage the maintenance of proper accounting records.

Wheatley Group Capital plc

Directors' report and financial statements for the year ended 31 March 2024

STRATEGIC REPORT (continued)

Overview of main features of the system of Internal Control

The Board is responsible for ensuring that an effective system of internal control is maintained within the Company. This system of internal control can provide reasonable but not absolute assurance against material misstatement or loss.

The key methods by which the Board establishes the framework for providing effective internal control are as follows:

- Corporate Governance arrangements as outlined in the Corporate Governance Statement;
- Regular meetings of the Board, which have a schedule of matters which are specifically reserved for approval and which are the subject of regular standard reports as required;
- Arrangements under terms of reference for the Group Audit Committee to meet regularly and receive reports from management and internal and external auditors on the system of internal control in operation across the Group, and to provide reasonable assurance that control procedures are in place and are being followed;
- Written policies and procedures including Standing Orders setting out delegated authorities;
- An organisational structure to support business processes and with clear lines of responsibility;
- The employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal personal development programme;
- An Internal Audit function with an annual Internal Audit Plan;
- Adoption of a risk-based approach to internal control through evaluating the likelihood and significance of identified corporate risks, vesting responsibility for risk management and internal control with designated owners and with an on-going process of monitoring and reporting progress against the Company's key risks established through the corporate risk management function; and
- As a subsidiary in the Wheatley Group responsible for the administration of Wheatley Group corporate bond financing:
 - Inclusion in the Wheatley Group Business Plan and Budget supporting strategic and operational plans, financial targets, regularly revised forecasts, a comparison of actual with budget and with forecast on a quarterly basis, operating cash flow and variance statements, and key performance indicators, all of which are reviewed by the Board; and
 - Measurement of financial and other performance against the Delivery Plan objectives and key performance indicators and targets.

Risk management

The Company has mitigated its key risk, in relation to receipt of amounts due under intra-group loans, through each of the RSL subsidiaries of the Wheatley Housing Group pledging sufficient asset security and guarantees in respect of the debt obligations of the Company.

On behalf of the Board

Signed by:



86353D964D6F4DB...

Caroline Gardner CBE

Director

16 September 2024

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

Wheatley Group Capital plc
Directors' report and financial statements for the year ended 31 March 2024

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

Signed by:

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Caroline Gardner CBE
Director
16 September 2024

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF WHEATLEY GROUP CAPITAL PLC

Our opinion is unmodified

We have audited the financial statements of Wheatley Group Capital PLC (“the Company”) for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 March 2024 and of its result for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 1st December 2016. The period of total uninterrupted engagement is for the 8 financial years ended 31 March 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2023), in arriving at our audit opinion above, together with our key audit procedures to address that matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Recoverability of Long-Term Debtors

Long Term Debtors (amounts falling due in more than one year) £300m (2023: £300m)

The risk- low risk high value.

The Company’s primary activity is to issue bonds, source investor financing and on-lend the funds raised to component Registered Social Landlords (RSLs) within Wheatley Housing Group Limited. It therefore has long term liabilities which relate to the bonds issued and long term intercompany debtors which relate to the loans provided to the Parent as disclosed in Note 2.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY GROUP CAPITAL PLC

The carrying amount of the long term intercompany debtor balance represents 99% (2023: 99%) of the Company's total assets as disclosed in Note 9. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall Company audit.

Whilst there are small amounts of financial income and financial expense, the risk mainly stems from the expectation of the ability of the RSLs to repay the bond funding in 20 years.

Our response

Our procedures included:

Tests of detail:

- i. Reviewed the arrangements for repaying the outstanding intercompany balances
- ii. Reviewed the financial position of the RSL entities to check whether they have the ability to meet the repayment plans in place. This is done by assessing 100% of the intercompany long-term debtors owed by each of the RSLs to identify, with reference to their financial draft balance sheet of each RSL, whether they have a positive net asset value and therefore coverage of debt owed. This has also been done through examination of the five-year budgets and plans prepared by each of the RSLs which clearly incorporate in their cash flow forecasts for interest repayments to be made to the Company.

Assessment of RSLs:

- i. Assessed each of the RSL's ability to continue as a going concern, including the assessment undertaken in the Group.

Our results

We found the Company's assessment of the recoverability of the long-term debtor balance to be acceptable (2023 result: acceptable).

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £3m (2023: £3m), determined with reference to a benchmark of total assets, of which it represents 1.00% (2023: 0.98%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements, which equates to £2.25m (2023: £2.25m).

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY GROUP CAPITAL PLC

We agreed to report to the Group Audit Committee any corrected or uncorrected identified misstatements exceeding £150,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company'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 Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available resources over this period was:

Recoverability of long-term debtors

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the Directors' sensitivities over the level of available financial resources indicated by the company's financial forecasts, taking account of severe, but plausible adverse effects that could arise this risk.

Our procedures are also inherently linked with our key audit matter in relation to the recoverability of the long term debtor; as the RSLs' inability to meet its obligation to the Company would result in the inability of the Company to meet its own obligations as they fall due. Consequently, our procedures noted above took into account the financial forecasts of the RSLs.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable.

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 Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY GROUP CAPITAL PLC

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 company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual suspected or alleged fraud; and
- Reading Board minutes

As required by auditing standards and 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 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 revenue 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.

We performed procedures including the identification of journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. Due to the limited number of journal entries made in the financial year due to the inherent nature of the Company, no journals were identified after applying our high risk criteria, hence we have tested 5 journals posted in the year covering finance charges and income with no issues to note.

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

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

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

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

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

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY GROUP CAPITAL PLC

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 misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

We have nothing to report on the Annual report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. 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. Based solely on that work,

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Corporate governance disclosures

Based solely on our work on the other information described above:

- With respect to the Corporate Governance Statement disclosures about internal control and risk management system in relation to financial reporting processes and about share capital structures:
 - We have not identified material misstatements therein; and
 - The information therein is consistent with the financial statements.
- In our opinion the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

We are also required to report to you if a corporate governance statement has not been prepared by the Company. We have nothing to report in these respects.

We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY GROUP CAPITAL PLC

- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company 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.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Dawson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill, Snow Hill Queensway
Birmingham
B4 6GH
24 September 2024

Wheatley Group Capital plc
Directors' report and financial statements for the year ended 31 March 2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £000	2023 £000
Turnover		40	43
Administrative expenses	3	(40)	(43)
Operating result		-	-
Finance income	6	13,125	13,125
Finance charges	7	(13,125)	(13,125)
Result on ordinary activities before taxation		-	-
Tax on result on ordinary activities	8	-	-
Result for the financial year	15	-	-
Total comprehensive result for the financial year		-	-

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Called up share capital £000	Revenue reserve £000	Total equity £000
Balance at 1 April 2022	12	-	12
Result for the financial year	-	-	-
Balance at 31 March 2023	12	-	12
Result for the financial year	-	-	-
Balance at 31 March 2024	12	-	12

All amounts relate to continuing operations for the current year.

The notes on pages 14 to 19 form part of these financial statements.

Wheatley Group Capital plc
Directors' report and financial statements for the year ended 31 March 2024

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	2024 £000	2023 £000
Debtors: amounts falling due after more than one year	9	300,000	300,000
Current assets:			
Debtors falling due within one year	10	4,556	4,594
Cash and cash equivalents		-	-
		<u>4,556</u>	<u>4,594</u>
Creditors: amounts falling due within one year	11	(4,544)	(4,582)
Net current assets		<u>12</u>	<u>12</u>
Total assets less current liabilities		300,012	300,012
Creditors: amounts falling due after more than one year	12	(300,000)	(300,000)
Net assets		<u>12</u>	<u>12</u>
Capital and reserves			
Called up share capital	14	12	12
Revenue reserve	15	-	-
Total Shareholder's funds		<u>12</u>	<u>12</u>

These financial statements were approved by the board of directors on 26 August 2024 and signed on its behalf on 16 September 2024 by:

Signed by:

 86353D964D6F4DB...
Caroline Gardner CBE
Director

The notes on pages 14 to 19 form part of these financial statements.
 Company number SC477446

Wheatley Group Capital plc

Directors' report and financial statements for the year ended 31 March 2024

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

1 Legal status

Wheatley Group Capital Plc ("WGC" or "the Company"), registered number SC477446, is a wholly owned subsidiary of Wheatley Funding No. 1 Limited, itself a subsidiary of Wheatley Housing Group ("WHG"). The Company is incorporated in the UK and registered under the Companies Act 2006. The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

2 Accounting policies

The following accounting policies set out below have, unless otherwise stated, been consistently applied to all periods presented in these financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, on a going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in United Kingdom. FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been used to prepare the financial statements.

The Company's ultimate parent undertaking Wheatley Housing Group Limited includes the Company in its consolidated financial statements. The consolidate financial statements of Wheatley Housing Group Limited are available to the public and may be obtained from Wheatley House, 25 Cochrane Street, Glasgow G1 1HL. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS102 in respect of the following disclosures:

- Cash Flow Statement and related noted

Going concern

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

In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the Company is dependent on the Parent and RSL Borrower Group generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the Company raised. Those forecasts are dependent on Parent and RSL Borrower having adequate resources to continue in business over the going concern assessment period.

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2024 by the 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. 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 Company budgets for 2024/25 and the Company'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 Company 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 increased to allow for customer difficulties in making payments and budget and business plan scenarios have been updated to take account of potential future changes in rent increases;

Wheatley Group Capital plc

Directors' report and financial statements for the year ended 31 March 2024

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

2 Accounting policies (continued)

- Development Activity – budget and business plan scenarios have taken account of fluctuating labour costs, project delays, supply chain instability and availability of grant funding impacting new build;
- 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 £8.4m and access to undrawn loan facilities arranged through WFL1 of £234.8m, which are available to the Group RSL's gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group and Company's ability to withstand other adverse scenarios such as higher interest rates and inflation.

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

Consequently, the Board is confident that the Group and Company 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.

Related party disclosures

The Company is a wholly-owned subsidiary of Wheatley Funding No.1 Limited, which in turn is a wholly owned subsidiary of the Wheatley Housing Group Limited. The Company's results are included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Company 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. The Company has no employees.

Turnover

Turnover represents income from management fees charged to the RSL subsidiaries in the UK.

Bond issuance transaction costs and discounts/premiums

Fees and discounts/premiums incurred on issuing the Company's public bonds are passed onto the RSL subsidiaries of the Wheatley Housing Group and amortised over the duration of the bonds by the RSL subsidiaries. The directors consider that the RSL subsidiaries are in substance the underlying borrowing entities, on the basis that all amounts borrowed by the Company are passed on to these entities, which provide all required asset security and guarantees in respect of the Company's loan obligations. Interest costs are borne by the Company, and in turn, chargeable to the RSL subsidiaries relative to the amounts borrowed.

Wheatley Group Capital plc
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2 Accounting policies (continued)

Creditors

Balances due on bank loans and on intra-group lending from Wheatley Group Capital plc are on-lent to the RSL subsidiaries who are related Group companies. No interest is charged by the Company to the RSL subsidiaries over and above that payable to the funding syndicate and Wheatley Group Capital plc.

Financial instruments

Section 11 of FRS 102 is applied in respect of financial instruments. All financial assets and liabilities are held at amortised cost.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the date of the Statement of Financial Position, except as otherwise required by FRS 102.

Significant judgements or uncertainties

No significant judgements have been made in preparation of the financial statements and no significant uncertainties have been required to be addressed.

Value Added Tax

The Company is not registered for VAT. Expenditure with irrecoverable VAT is shown inclusive of VAT.

Finance income and finance charges

Interest receivable from group companies and payable to bond holders is recognised in the year in which it arises.

3 Administrative expenses

	2024	2023
	£000	£000
Audit and administrative fees	40	43

The Company has no employees (2023: none).

4 Auditors remuneration

	2024	2023
	£000	£000
The remuneration of the Auditor (excluding VAT) is as follows:		
KPMG - audit of these financial statements	30	30

5 Remuneration of directors

No remuneration was paid to the directors during the year (2023: nil).

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

6 Finance income

	2024	2023
	£000	£000
Receivable from group undertakings	13,125	13,125
	<u>13,125</u>	<u>13,125</u>

7 Finance charges

	2024	2023
	£000	£000
On corporate bond	(13,125)	(13,125)
	<u>(13,125)</u>	<u>(13,125)</u>

8 Tax on profit on ordinary activities

	2024	2023
	£000	£000
Analysis of charge in year:		
UK corporation tax		
Current tax on income for the year	-	-
Group tax relief	-	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current and previous years

The current tax charge for small companies is equal to the standard rate of corporation tax in the UK of 25% (2023: 19%). The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

	2024	2023
	£000	£000
Reconciliation of effective tax rate:		
Profit for the year	-	-
Total tax expense	-	-
Profit excluding taxation	<u>-</u>	<u>-</u>
	-	-
Tax using the UK corporation tax rate of 25% (2023:19%)	<u>-</u>	<u>-</u>
Total tax expense included in profit or loss	<u>-</u>	<u>-</u>

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

9 Debtors: amounts falling due after more than one year

	2024	2023
	£000	£000
Amounts owed by group undertakings	300,000	300,000
	<u>300,000</u>	<u>300,000</u>
Of which:		
Debts falling due for repayment on an instalment basis after 5 years	-	-
Debts falling due for repayment on a non-instalment basis after 5 years	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

Interest is payable by group undertakings at a rate of 4.375%. The amounts due are repayable in 2044/45. Interest is paid bi-annually in May and November.

10 Debtors falling due within one year

	2024	2023
	£000	£ 000
Amounts owed by group undertakings	4,556	4,594
	<u>4,556</u>	<u>4,594</u>

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

11 Creditors: amounts falling due within one year

	2024	2023
	£000	£ 000
Corporation tax	-	-
Accruals	4,544	4,582
	<u>4,544</u>	<u>4,582</u>

12 Creditors: amounts falling due after more than one year

	2024	2023
	£000	£ 000
Corporate bond repayable 2044	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

Bond finance is repayable in 2044/45 and has a coupon rate of 4.375%. The corporate bond is listed and is secured over the housing stock and certain other properties of RSL subsidiaries.

Borrowings are repayable as follows:

	2024	2023
	£000	£ 000
In more than five years	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

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Directors' report and financial statements for the year ended 31 March 2024

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

13 Financial instruments

	2024	2023
	£000	£ 000
Total of financial assets held at amortised cost	304,556	304,594
	<u>304,556</u>	<u>304,594</u>
Total of financial liabilities held at amortised cost	304,544	304,582
	<u>304,544</u>	<u>304,582</u>

14 Called up share capital

	2024	2023
	£	£
Equity: 50,000 (2023 50,000)		
Ordinary shares of £1 each – issued but not fully paid	37,500	37,500
Ordinary shares of £1 each – issued and fully paid	12,500	12,500
	<u>50,000</u>	<u>50,000</u>

15 Reserves and analysis of changes in equity

	2024	2023
	£000	£ 000
Reserves at 1 April	-	-
Profit for the financial year	-	-
Reserves at 31 March	<u>-</u>	<u>-</u>

16 Ultimate parent organisation

The Company is a wholly-owned subsidiary undertaking of Wheatley Funding No.1 Limited, Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL, which itself is a wholly-owned subsidiary of the Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

The only group into which the results of the Company 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.

Wheatley Group Capital plc
Directors' report and financial statements for the year ended 31 March 2024

SUPPLEMENTARY INFORMATION

Secretary and Registered Office

Anthony Allison
Wheatley Group Capital plc
Wheatley House
25 Cochrane Street
Glasgow G1 1HL

Independent auditor

KPMG LLP
319 St Vincent Street
Glasgow G2 5AS

Banker

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