



ANNUAL REPORT AND FINANCIAL STATEMENTS

for the Year Ended

31 March 2025

Lowther Homes Limited

Registered number SC402836

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

STRATEGIC REPORT

The Board of Director's present their strategic report for the year ended 31 March 2025.

Principal activities

Lowther Homes Limited ("Lowther" or "the Company") is a wholly owned subsidiary of Wheatley Housing Group Limited ("Wheatley Group"), providing mid and full market rent homes to let, and property management and maintenance services to homeowners.

We own a portfolio of 1,245 mid and full market rent ("MMR") homes in communities from Inverkip to Leith and manage a further 1,641 mid-market and 13 full market rent homes owned by fellow Wheatley Group subsidiaries; Wheatley Homes Glasgow Limited ("WH Glasgow"), Wheatley Homes East Limited ("WH East"), Wheatley Homes South Limited ("WH South") and Loretto Housing Association Limited ("Loretto").

In addition, we provide property management services to over 28,000 homeowners across the central belt of Scotland and Dumfries and Galloway.

Lowther Homes annual highlights

As we approach the final phase of our five-year strategy, *'Your Home, Your Community, Your Future'*, Lowther remains a high-performing organisation delivering excellent outcomes for customers.

We had a strong letting performance in the year and reported void losses of 0.9% across the twelve months, against a target of 3%. We continued to grow our mid-market portfolio building 52 new homes this year and invested over £1.4m in planned improvements to our homes and communities. Our repairs teams built on the success of 'Book It, Track It, Rate It', our app which allows customers to monitor the progress of their repair request, to further enhance the service this year. Our 24/7 Customer First Centre specialists worked more closely than ever with our operational team to deliver the service our customers deserve.

We generated a surplus before tax of £5.6m and donated £3.4m of this in Gift Aid to the Wheatley Foundation, our charitable trust. This enabled the Wheatley Foundation to create jobs, training and apprenticeship opportunities for people in our and our fellow Wheatley RSL's homes and communities over the year and provide support in many other ways.

As we move into the final year of our strategy, we will continue to ensure our services are aligned with our customers' priorities and support them through the challenges which lie ahead.

Here are some of the highlights of the year:

Our homes

By the end of the financial year, our property portfolio had grown to 2,899 mid and full-market rent homes, across 13 local authority areas, an increase of 279 from the year before.

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

STRATEGIC REPORT (CONTINUED)

We completed the development of 52 new homes for mid-market rent at Ashgill Road in Milton (48 completions), and Raw Holdings in Livingston (4 completions).

A further 229 new build homes were completed during the year for mid-market rent, all leased from fellow Wheatley subsidiaries. Two managed properties, owned by WH East, were sold. New homes completed in the year included:

- 91 at Calton Village, Glasgow;
- 119 at West Craigs and 14 at South Fort Street, Edinburgh; and
- 5 at Winchburgh, West Lothian.

By the end of 2024/25, 78% of our portfolio was made up of homes for mid-market rent, and we remain one of the largest providers in this sector.

	Lowther Homes owned	Leased from Group subsidiaries
Mid-market properties	607	1,641
Full market properties	638	13
Total	1,245	1,654

We invested over £1.4m in our homes this year, including window renewals at Woodside Terrace, Glasgow, and major common area works at The Dell, Giffnock.

New business developments

Growth is anticipated in our property portfolio next year, with the expected completion of our Victory Lane development providing 24 new homes for mid-market rent. In addition to this, the Wheatley subsidiaries are expected to deliver a further 181 new mid-market rent homes to be managed by Lowther.

Our performance

Our letting activities remained strong and reliable with the percentage of rent lost on empty or void properties aligned with last year at 0.9% against a target of 3%. In financial terms, rent lost due to voids was £200k. At the end of the year our average days-to-let was 8.4 days for full-market rent properties and 7.5 days for mid-market rent properties. Our focus also remained on collecting rent that was due and gross rent arrears stood at 3.0% against a target of 3.2%.

Within our property management activities, factoring arrears as a percentage of common charges billed, improved from 16.3% to 15.7% this year, which was above our target of 14%. We work closely with customers to bring their accounts up to date and agree payment plans to clear outstanding balances over an appropriate period of time.

Engaging with customers

Our digital channels continued to grow in popularity, with more customers than ever engaging with us online.

STRATEGIC REPORT (CONTINUED)

There were 113,040 visits to the website over the year, an increase of 6,141 compared to last year. The number of followers on our social media channels this year was 3,638, an increase of 519 from the year before. We also received 239 enquiries from customers on social media.

Supporting our customers

Wheatley Foundation worked hard this year to help people in financial hardship, with 128 instances of support to help alleviate the effects of poverty on Lowther customers and communities.

Overall support included:

- creating 73 jobs, training and apprenticeship opportunities for people in Lowther homes and communities;
- supporting nine customers with benefits advice resulting in £26k of financial gain;
- providing recycled digital devices for 16 customers through our Techshare initiative;
- awarding two people from our homes a bursary to go to college or university;
- providing 51 young people at schools across Glasgow with a 'wee bursary'; and
- helping 67 young people in Glasgow take part in StreetWyze anti-knife crime workshops.

To measure the impact of these outcomes, the HACT (Housing Associations' Charitable Trust) Social Value Tool - aligned with UK Treasury Green Book methodology - has been used to estimate the improvement in individual wellbeing. For example, moving from unemployment into a job is valued at approximately £13,000 in wellbeing terms. Across the year, these activities have generated over £570k in social value for Lowther customers.

FINANCIAL REVIEW

We reported a strong trading performance in the financial year reporting a gross profit of £21.7m (2024: £15.5m) and an operating profit of £8.7m (2024: £17.7m) in the year. The decrease in operating profit is driven by non-cash accounting adjustments in other gains and losses with a loss of £5.2m (2024: £10.4m gain) recognised on the revaluation of owned investment properties. This loss has arisen 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.

Operating profit, excluding other gains and losses and new build grant income, was £7.5m (2024: £6.1m). The underlying business performance remained strong most notably in property letting activities, generating reliable operating margins and facilitating the increased gift aid payment of £3.4m (2024: £2.7m) to The Wheatley Foundation in the year.

Statement of Comprehensive Income**Turnover**

Total turnover of £41.1m (2024: £30.7m) is reported for the year, the increase of £10.4m attributable to:

- £6.3m (2024: £1.3m) of new build grant received for our mid-market development at Raw Holdings and Ashgill Road, released from deferred income upon completion of 52 properties during the year;
- growth of the letting business and an inflationary uplift to rent to continue to meet investment priorities; and
- additional services provided by the factoring and property management business.

Lowther Homes Limited**Annual report and financial statements for the financial year ended 31 March 2025****STRATEGIC REPORT (CONTINUED)**

Turnover generated in the letting business was £28.0m of which £21.7m was generated from rental income net of void losses for the year ended 31 March 2025 (2024: £19.2m). The year-on-year increase of £2.5m was largely driven by additional rental income from the growth in the number of newly built mid-market rent properties leased from fellow Wheatley Group subsidiaries and managed by Lowther.

Operating expenditure and finance charges

Management fees received from the Group RSLs for the management of their commercial properties totalled £0.2m (2024: £0.2m).

Operating expenditure in the year totalled £27.3m (2024: £23.3m), with mid-market leases, and additional factoring services and repairs driving the increase:

- £19.5m cost of sales (2024: £15.2m) relating to the maintenance and lease costs of the property portfolio associated with the full and mid-market letting activities as well as the direct costs of delivering the factoring service; and
- £7.8m of administrative costs (2024: £8.1m) with efficiencies passed on from Wheatley Solutions.

Finance charges totalled £3.1m (2024: £3.1m). Of this, £2.9m (2024: £2.9m) is in relation to the loan facility provided through the Group's commercial funding subsidiary, Wheatley Funding No. 2 Limited ("WFL2"), which is secured against our properties.

A charge of £0.2m (2024: £0.2m) is included within finance charges as required under FRS 102 in respect of unwinding of the deemed discount on the convertible loan instrument with Wheatley Homes Glasgow. The Wheatley Foundation has agreed to deliver certain charitable community programmes on the Wheatley Group's behalf and under this arrangement, these programmes were funded in part during the year by WH Glasgow agreeing that the interest receipt due from Lowther would be paid directly to the Wheatley Foundation. This payment has been recognised as gift aid in the financial statements of Lowther.

Lowther made a total gift aid payment of £3.4m (2024: £2.7m) to the Wheatley Foundation during the year.

Statement of Financial Position

Properties held for investment at 31 March 2025 were valued at £173.3m (2024: £165.6m). The increased valuation reflects 52 new mid-market rent properties that were completed during the year. Properties were valued at 31 March 2025 by an independent valuer, Jones Lang LaSalle Limited.

Lowther reported net current liabilities as at 31 March 2025 of £5.8m (2024: £5.6m).

By order of the Board



Manish Joshi, Director

22 September 2025

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the financial year ended 31 March 2025.

Directors

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

Manish Joshi

Eric Gibson

Resigned 25 September 2024

Neal Greer

David Rockliff

Paula Sharp

Kerri McGuire

Jacqueline Mallin

Bernadette Hewitt

Resigned 20 August 2025

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 aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

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

Principal risks facing the Company

The Board is responsible for assessing the risks facing Lowther. As a subsidiary of Wheatley Housing Group Limited, 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



Manish Joshi, Director

22 September 2025

Wheatley House
25 Cochrane Street
Glasgow
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Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

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

The directors are responsible for preparing the Directors' 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 the profit or loss of the company for that period. In preparing these 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 the 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.

By order of the Board



Manish Joshi, Director

22 September 2025

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOWTHER HOMES LIMITED

Opinion

We have audited the financial statements of Lowther Homes Limited ("the company") for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 *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 have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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 director's conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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 director's 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.

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.

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 directors 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;
- Reading Board minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOWTHER HOMES LIMITED

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.

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

We also performed procedures including:

- 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.

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 directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and 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 company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Whilst the 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.

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.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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.

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:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOWTHER HOMES LIMITED

- adequate accounting records have not been kept, 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Director's responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for 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.



Michael Wilkie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

23 September 2025

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025**

	<i>Note</i>	2025 £'000	2024 £'000
Turnover	2	41,146	30,720
Cost of sales		(19,489)	(15,226)
Gross profit		21,657	15,494
Administration expenses		(7,842)	(8,071)
Other (losses)/ gains	4	(5,153)	10,265
Operating profit	3	8,662	17,688
Finance income	5	48	59
Finance charges	6	(3,138)	(3,108)
Profit before taxation		5,572	14,639
Tax credit/ (charge)	8	118	(3,412)
Profit for the financial year		5,690	11,227

All amounts relate to continuing operations.

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2025**

	Revenue Reserve £'000	Investors' Equity £'000	Total £'000
Balance at 1st April 2023	39,681	12,051	51,732
Profit for the year	11,227	-	11,227
Movement in equity component of intragroup convertible loan	-	1	1
Gift aid payment	(2,676)	-	(2,676)
Tax Credit	669	-	669
Balance at 31 March 2024	48,901	12,052	60,953
Profit for the year	5,690	-	5,690
Movement in equity component of intragroup convertible loans	-	2,262	2,262
Gift aid payment	(3,400)	-	(3,400)
Tax credit	850	-	850
Balance at 31 March 2025	52,041	14,314	66,355

The notes on pages 14 to 25 form part of these financial statements.

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	<i>Note</i>	2025 £'000	2024 £'000
Fixed Assets			
Property, plant and equipment	9	407	344
Investment properties	10	183,440	174,290
Investment in subsidiary undertakings	10	130	133
Total Fixed Assets		183,977	174,767
Current Assets			
Trade and other debtors	11	6,877	7,106
Cash at bank and in hand		1,619	1,388
Total Current Assets		8,496	8,494
Creditors: amounts falling due within one year	12	(14,314)	(14,101)
Net Current Liabilities		(5,818)	(5,607)
Total Assets less Current Liabilities		178,159	169,160
Creditors: amounts falling due after one year	13	(111,804)	(108,207)
Net Assets		66,355	60,953
Equity			
Investors' Equity		14,314	12,052
Revenue reserve		52,041	48,901
Equity and reserves		66,355	60,953

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The financial statements were approved by the Board of Directors on 20 August 2025 and signed on its behalf on 22 September 2025 by:



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Manish Joshi, Director

Company Registration Number SC402836.

The notes on pages 14 to 25 form part of these financial statements.

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

		2025	2024
	<i>Notes</i>	£'000	£'000
Net cash generated from operating activities	16	<u>5,872</u>	<u>6,697</u>
Cash flow from investing activities			
Improvement of investment properties	10	(1,415)	(583)
Construction of new properties	10	(12,885)	(6,690)
Purchase of other fixed assets	9	(215)	(200)
Grant received		<u>5,902</u>	<u>3,149</u>
		(8,613)	(4,324)
Cash flow from financing activities			
Finance income		48	59
Finance charges		(2,885)	(2,893)
Loan draw-down		6,000	-
Taxation paid		<u>(191)</u>	<u>(187)</u>
		2,972	(3,021)
Net change in cash and cash equivalents		<u>231</u>	<u>(648)</u>
Cash and cash equivalents at beginning of the year		1,388	2,036
Cash and cash equivalents at end of the year		1,619	1,388
Cash and cash equivalents at 31 March			
Cash		<u>1,619</u>	<u>1,388</u>

The notes on pages 14 to 25 form part of these financial statements

Lowther Homes Limited
Annual report and financial statements for the financial year ended 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1. Accounting policies

Lowther Homes Limited (the “Company”) is a private company incorporated, domiciled and registered in Scotland in the UK. The registered number is SC402836 and the registered address is Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

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

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in United Kingdom including Financial Reporting Standard 102, under the historical cost convention modified to include the revaluation of properties held for letting and commercial properties. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s ultimate parent undertaking, Wheatley Housing Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Wheatley Housing Group 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 FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period.

As the consolidated financial statements of the ultimate parent undertaking include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.
- The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company is the immediate parent of its wholly owned subsidiary, GBG Enterprises Limited, and has applied the exemption available under FRS 102 9.3 from the requirement to prepare consolidated financial statements on the basis that the Company is itself a wholly owned subsidiary of Wheatley Housing Group.

Going concern

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

The Company prepares a 10-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2025 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 which included updated scenarios in recognition of financial risks to the business which 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**1. Accounting policies (continued)**

The Board, after reviewing the Company budgets for 2025/26 and the Company's financial position as forecast in the 10-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Company has 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 allow for customer difficulties in making payments and budget and business plan scenarios have been updated to take account of potential future rent increases and factoring price 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 and timing of new build handovers in other Wheatley Group subsidiaries and the associated impact on the number of properties available for rent by the Company;
- 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;
- Liquidity – notwithstanding the entity's net current liability position of £5.8m, of which the majority of current liabilities comprises deferred income of £1.8m, the entity's current available cash of £1.6m as well as access to a further potential on-lend from Wheatley Homes Glasgow of £9m, 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 increases in the number of void properties.

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

Consequently, the Board is confident that the 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.

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 investment properties;
- The assessment of useful lives for other fixed assets; and
- The assessment of the fair value of financial instruments.

Related party disclosures

The Company 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 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. Accounting policies (continued)****Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Value Added Tax

The Company is registered for VAT and is a member of the Wheatley VAT Group. Expenditure is shown net of VAT.

Turnover

Turnover relates to rental of residential properties and to the factoring management activities carried out in the UK. Both income from rental and income from factoring management activities is recognised when it is receivable.

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 an acquisition, it is recognised as income using the performance model in accordance with FRS 102. Prior to satisfying the performance conditions, capital grant is held as deferred income on the statement of financial position.

Valuation of investment property

The directors consider that the interests in land and/or buildings are held for their investment potential rather than for consumption in the business operations. These are treated under FRS 102 as investment properties at fair value through the Statement of Comprehensive Income.

Investment properties in the course of construction are stated at cost. Those properties are transferred to completed properties when they are ready for letting. Investment properties are valued at market value subject to tenancies at the date of the Statement of Financial Position by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Where it is considered that there has been any impairment in value this is recognised in profit or loss in the period it arises. The cost of properties is their purchase price together with capitalised improvement works. No depreciation is provided in respect of investment properties applying the fair value model.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. Accounting policies (continued)****Improvements to investment properties**

Improvement expenditure on investment properties is capitalised in circumstances where it is expected to provide incremental future benefits to the organisation, such as higher rent, reduced on-going maintenance costs or reduced re-let times for the properties.

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.

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

New Build Grant

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. 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.

Investment in subsidiary undertakings

Investments in subsidiaries are shown at fair value with changes in fair value recognised through profit and loss.

Where there is evidence of impairment, the investments are written down to the recoverable amount and any write down would be charged to the Statement of Comprehensive Income.

Valuation of property, plant and equipment

Furniture & Fittings and Computer Equipment are stated at cost and depreciated on a straight-line basis as detailed below.

Depreciation

Property, plant and equipment depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the expected useful lives of fixed assets to write off the cost, or valuation, less estimated residual values at the following annual rates. 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:

Furniture, fittings and equipment (cost)	20%
Computer hardware and software (cost)	33.33%

Convertible debt and investors' equity

Proceeds of convertible loans are allocated between liability and equity components. The carrying value of the liability component is determined as the fair value of a similar liability that does not possess a conversion feature. For the purpose of determining an appropriate discount rate, advice was obtained from independent property and investment consultants in relation to the market rate of return on a similar unsecured loan instrument. The discount rate used was 10.8%. The residual amount once the liability component has been established is treated as an equity element, and transaction costs are allocated pro rata against the liability and equity components. This allocation shall not be revised in subsequent periods. The liability component is treated as a basic financial instrument.

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Analysis of turnover

	2025	2024
	£'000	£'000
Analysis by class of business:		
Letting income	21,674	19,195
Factoring income	13,145	10,190
Grant income – new build	6,327	1,335
	<u>41,146</u>	<u>30,720</u>

3. Operating profit

	2025	2024
	£'000	£'000
Operating profit is stated after charging:		
Auditor's remuneration in respect of the audit of these financial statements (excl. VAT)	50	50
Depreciation on fixed assets	152	85

The Company has no employees (2024: nil) as staff are employed by another group company and recharged.

4. Other gains and losses

	2025	2024
	£'000	£'000
(Loss)/ gain on revaluation of investment property (note 10)	(5,150)	10,382
Decrease in value of investment in subsidiary undertaking (note 10)	(3)	(117)
	<u>(5,153)</u>	<u>10,265</u>

5. Finance income

	2025	2024
	£'000	£'000
Interest received	<u>48</u>	<u>59</u>

Interest received relates to interest earned on short term deposits.

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Finance charges

	2025	2024
	£'000	£'000
Interest and related charges on intra-group loan	2,917	2,925
Amortisation of discount on fair value of convertible loan	221	183
	<u>3,138</u>	<u>3,108</u>

7. Financial commitments

Capital commitments

All capital commitments of the Company were as follows:

	2025	2024
	£'000	£'000
Expenditure contracted for, but not provided in the financial statements	13,275	8,075
Expenditure authorised by the Board, but not contracted	-	19,398
	<u>13,275</u>	<u>27,473</u>

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

8. Tax charge

	2025	2024
	£'000	£'000
Total tax expense recognised in the profit and loss account		
<u>Current Tax:</u>		
Current tax on profit for the year	1,169	812
Adjustment in respect of prior periods	-	3
	<u>1,169</u>	<u>815</u>
<u>Deferred Tax:</u>		
Origination and reversal of timing differences	(1,287)	2,597
	<u>(1,287)</u>	<u>2,597</u>
Total tax (credit)/ charge	<u>(118)</u>	<u>3,412</u>

The UK's main corporation tax rate is 25% (2024: 25%). Deferred taxes on the balance sheet have been measured at 25% being the corporation tax rates enacted at the balance sheet date of 31 March 2025.

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Tax charge (continued)

Deferred Tax	Assets		Liabilities		Net	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Accelerated capital allowances	-	-	-	-	-	-
Arising on business combinations	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Unused tax losses	-	-	-	-	-	-
Property revaluations	-	-	8,087	9,374	8,087	9,374
Tax liabilities	-	-	8,087	9,374	8,087	9,374
Net of tax liabilities	-	-	-	-	-	-
Net tax liabilities	-	-	8,087	9,374	8,087	9,374

Factors affecting the tax charge for the current period

	2025 £'000	2024 £'000
Reconciliation of effective tax rate		
Surplus for the year	5,690	11,227
Total tax (credit)/ expense	(118)	3,412
Surplus excluding taxation	5,572	14,639
Tax using the UK corporation tax rate of 25% (2024: 25%)	1,393	3,660
Effects of:		
Income not taxable	(1,581)	(334)
Expenses not deductible	70	83
Prior year adjustments	-	3
Total tax (credit)/ expense included in Statement of Comprehensive Income	(118)	3,412

Lowther Homes Limited
Annual report and financial statements for the financial year ended 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Property, plant and equipment

	2025 £'000
Cost	
At 31 March 2024	686
Additions	215
At 31 March 2025	901
Accumulated Depreciation	
At 31 March 2024	342
Charge for financial year	152
At 31 March 2025	494
Net Book Value	
At 31 March 2025	407
Net Book Value	
At 31 March 2024	344

10. Investments

Investment properties

	Core Investment Stock £'000	Housing Under Construction £'000	Total £'000
Cost or Valuation			
At 1 April 2024	165,551	8,739	174,290
Additions	1,415	12,885	14,300
Transfers	11,464	(11,464)	-
Revaluation	(5,150)	-	(5,150)
At 31 March 2025	173,280	10,160	183,440
Net Book Value - valuation			
At 31 March 2025	173,280	10,160	183,440
At 31 March 2024	165,551	8,739	174,290
Net Book Value – historic cost			
At 31 March 2025	122,906	9,997	132,903
At 31 March 2024	110,027	8,739	118,766

The valuation of investment properties as at 31 March 2025 shown above of £173.3m (2024: £165.6m) is the market value subject to tenancies, between a willing buyer and willing seller in an arm's length transaction. The valuation was carried out by Jones Lang LaSalle, a qualified professional valuer.

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Investments (continued)

Investment properties (continued)

The number of properties held by Lowther Homes Ltd at 31 March was:

	2025	2024
	No.	No.
Total Units	1,245	1,193

Investment in subsidiary undertaking

In May 2024, as part of the wider reorganisation of GBG Enterprises Ltd, the property owned by GBG was transferred to Lowther at Net Book Value. It is expected that the reserves of GBG will be distributed to Lowther and the entity liquidated in the coming months. As such, the investment in subsidiary has been reduced to reflect the value of the expected distributable reserves of £130k (2024: £133k). The reduction in value of £3k (2024: £117k) has been taken to the Statement of Comprehensive Income in the year.

	2025	2024
	£'000	£'000
Carrying value of investment in GBG Enterprises Limited	130	133

11. Trade and other debtors

Due within one year:

	2025	2024
	£'000	£'000
Trade debtors	1,926	1,478
Other debtors	4,893	5,432
Amounts owed by group undertakings	58	196
	6,877	7,106

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

12. Creditors: amounts falling due within one year

	2025	2024
	£'000	£'000
Trade creditors	1,274	2,654
Accruals	3,674	1,689
Amounts owed to group undertakings	2,819	2,375
Other creditors	4,498	5,201
Deferred income	1,849	2,103
Corporation Tax	200	79
	14,314	14,101

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

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Creditors: amounts falling due within one year (continued)

Deferred income

The deferred income balance is made up as follows:

	New Build Grant £'000	Total deferred income £'000
Deferred income as at 1 April 2024	6,652	6,652
Grant received in the year	6,966	6,966
Released to Statement of Comprehensive Income	(6,327)	(6,327)
Deferred income as at 31 March 2025	<u>7,291</u>	<u>7,291</u>

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

Deferred income to be released to the Statement of Comprehensive Income:	2025 £'000	2024 £'000
In less than one year	1,849	2,103
In more than one year but less than five years	5,442	4,549
In more than five years	-	-
	<u>7,291</u>	<u>6,652</u>

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

	2025 £'000	2024 £'000
Financial liability component of intra-group convertible loans	22,375	18,416
Amounts owed to group undertakings	<u>75,900</u>	<u>75,868</u>
	98,275	94,284
Deferred income	5,442	4,549
Deferred tax	<u>8,087</u>	<u>9,374</u>
	<u>111,804</u>	<u>108,207</u>

Intra-group convertible loans

There are two convertible loans with Wheatley Homes Glasgow ("WH Glasgow"). These loans are not secured and are due to mature in November 2043.

The first loan is for £30m. The Wheatley Foundation has agreed to deliver certain charitable community programmes on the WH Glasgow's behalf. Under this arrangement, these programmes were funded in part during the year by the WH Glasgow agreeing that the interest receipt due from Lowther Homes Limited on this loan would be paid directly to the Wheatley Foundation on its behalf.

Lowther Homes also has access to a further £15m from WH Glasgow. During the year, Lowther drew down £6m from this facility. This additional convertible debt has been allocated between equity and liabilities, in line with our accounting policies.

Amounts owed to group undertakings

Lowther has access to a £76.5m facility administered by WFL2 with Bank of Scotland. Interest on the facility is charged at a rate of 3.77%.

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Borrowings are repayable as follows:

	2025	2024
	£'000	£'000
In less than one year	-	-
In more than one year but less than two years	-	-
In more than two years but less than five years	1,802	601
In more than five years	96,473	93,683
	<hr/>	<hr/>
	98,275	94,284
	<hr/> <hr/>	<hr/> <hr/>

14. Financial instruments

	2025	2024
	£'000	£'000
Financial assets:		
<u>Measured at amortised cost:</u>		
Debtors and accrued income	6,877	7,106
Total	<hr/>	<hr/>
	6,877	7,106
	<hr/> <hr/>	<hr/> <hr/>
Financial liabilities:		
<u>Measured at amortised cost:</u>		
Creditors, accruals and amounts owed to group undertakings	103,743	103,892
<u>Measured at fair value through income and expenditure:</u>		
Intra-group convertible loan	22,375	18,416
	<hr/>	<hr/>
Total	126,118	122,308
	<hr/> <hr/>	<hr/> <hr/>

Expenses payable on the financial liabilities is disclosed in note 6.

15. Called up share capital

	2025	2024
	£	£
Authorised		
Equity: 100 (2024: 100) Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
Equity: 100 (2024: 100) Ordinary share of £1 each	100	100
	<hr/> <hr/>	<hr/> <hr/>

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Cash Flow Analysis

Cash flow from operating activities	2025	2024
	£'000	£'000
Surplus for the year	5,690	11,227
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	152	85
Decrease in trade and other debtors	229	1,975
Increase in trade and other creditors	1,389	1,225
<u>Adjustments for investing or financing activities:</u>		
Grants utilised in the year	(6,313)	(1,335)
Loss/ (gain) on revaluation of fixed assets	5,150	(10,382)
Impairment of investment in subsidiary undertakings	3	117
Amortisation of discount on convertible debt	221	183
Interest paid	2,917	2,925
Interest received	(48)	(59)
Taxation (credit)/ charge	(118)	3,412
Gift Aid paid	(3,400)	(2,676)
Net cash inflow from operating activities	5,872	6,697

17. Ultimate parent organisation and subsidiary undertakings

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

The Company has one immediate wholly owned subsidiary, GBG Enterprises Limited, which is a company registered in Scotland and limited by shares with 10,000 x £1 shares issued.

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.

Lowther Homes Limited

Annual report and financial statements for the financial year ended 31 March 2025

SUPPLEMENTARY INFORMATION

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