



ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended

31 March 2025

Wheatley Housing Group Limited

Scottish Housing Regulator Registration No. 363
Registered No. SC426094

WELCOME

Wheatley Group is one of the UK's most dynamic, agile and best-performing housing, care and property-management groups. Our mission is 'Making Homes and Lives Better'. Owning and managing over 93,400 homes, Wheatley is Scotland's largest housing group and delivers award-winning services across 19 local authorities in Scotland.

Our services are delivered through our four charitable Registered Social Landlords ("RSLs"), care organisation and our mid-market letting and property management subsidiary. The activities of the Group are supported by Wheatley Solutions our support services subsidiary and Wheatley Developments Scotland our new build development subsidiary. The Group's charitable trust, the Wheatley Foundation, invests its funding to create opportunities for people to improve their lives.

Each part of the Group is focused on delivering excellence no matter what they do and each remains firmly rooted in their communities, providing services tailored to the needs of their individual customers.

WHEATLEY AT A GLANCE

Each part of the Group is focused on delivering excellence no matter what they do and each remains firmly rooted in their communities, providing services tailored to the needs of their individual customers. The Group comprises of:

- Wheatley Homes Glasgow Limited ("WH Glasgow") is the largest part of the Group with 43,246 affordable homes.
- Loretto Housing Association Limited ("LHA") operating in the west of Scotland with 2,792 properties owned and managed.
- Wheatley Homes East Limited ("WH East") operates in Edinburgh, the Lothians and Fife with 7,796 homes.
- Wheatley Homes South Limited ("WH South") owns or manages 10,336 homes.
- Wheatley Development Scotland Limited ("WDS") is a development company providing design and build services to the RSLs in the Group.

The RSLs in the Group owned or managed a total of 64,170 homes at the end of the year. They are regulated by the Scottish Housing Regulator, and are graded as fully compliant, the top grading.

- Lowther Homes Limited ("Lowther") owns a portfolio of 1,245 private rented homes and provides management services to the RSL Group's 1,631 mid-market rented homes and provides property management services to over 28,000 customers who own their properties.
- Wheatley Care supports over 6,170 people with specialist needs, many of whom live in properties owned by the RSLs in the Group.
- Wheatley Solutions provides support services, ranging from finance, IT and procurement to governance, assurance, legal, marketing and communications to the Group's subsidiaries.
- Wheatley Foundation delivers our community and better lives activity, investing £8.8m this year to help improve the lives of the people it supports.
- City Building (Glasgow) LLP ("CBG") is jointly owned with Glasgow City Council and provides repairs and investment services.

Wheatley Housing Group Limited, as the Group parent, does not own any homes but provides strategic oversight to all subsidiaries and is registered with the Scottish Housing Regulator.

CHAIR'S REPORT

The year 2024/25 was another successful one for Wheatley, as we met our key objectives, rose to the challenges of a complex economic landscape, and delivered excellent outcomes for the people we work for. It was a year in which we demonstrated our resilience, our unwavering ability to embrace change, and our enduring pledge to support our customers when they need us most.

Customers have always been at the heart of everything we do, and this year saw satisfaction levels rise across the Group. With Group customer satisfaction reaching an average of 91% across our RSLs, the people we work for trust us to act in their interests and deliver for them.

One of Wheatley's most significant commitments is to address the issue of homelessness and support our partners in central and local government as they tackle the housing emergency. This year, we provided 2,673 lets for homeless households, the highest yearly figure since the start of our 2021-2026 strategy, bringing the total number of homeless lets during our current strategy to 9,741. Since the Scottish Government declared a housing emergency in May 2024, we have increased our target to provide 11,000 lets to people experiencing homelessness, a 10% increase on our 2021-2026 strategic objective. We are now well-placed to meet that strategic goal by the end of our 2021-2026 strategic plan.

We know the importance of ensuring our customers feel safe and secure in their own homes and live in a neighbourhood they can be proud of. Wheatley invested £81.3m in improving our existing homes in 2024/25, making them safer, warmer, and more attractive places to live. We remained committed to sustainability and improved energy efficiency of our existing homes through measures such as external wall insulation and upgraded heating systems. As a result, 92% of our homes now have an Energy Performance Certificate of 'C' or better.

Protecting our customers from the risk of fire is always a priority. In addition to carrying out hundreds of person-centred fire risk assessments, we have installed fire detection systems and delivered a wide range of fire safety products to our customers. The number of accidental fires in Wheatley homes fell by 21% over the year. Over the duration of the strategy so far, we have reduced the rate of accidental fires in our homes by 56%.

Wheatley's development programme was an outstanding success in 2024/25. We built 844 new homes over the year, 563 for social rent and 281 for mid-market rent, the biggest yet in our current strategy period and the highest number of homes we have built in a single year since 2018/19. That brings the total number of new homes built so far under our five-year strategy to 2,274, something of which I, along with my fellow Board members, am immensely proud.

In addition to building a significant number of new homes, we achieved other notable successes. Tenancy sustainment remained high, with over 93% of tenancies sustained for more than a year, the highest in the four years of our strategy. Our gross rent arrears stood at just under 5.1% at the end of the financial year, down from 5.4% last year and well below the Scottish average of 6.7%.

Our repairs teams built on the success of 'Book It, Track It, Rate It', which we launched last year, with average satisfaction ratings ranging between 4.4 and 4.7 out of 5. The Customer First Centre (CFC) provided specialist support and 24/7 cover, offering first contact resolutions to tenant service requests and inquiries. Staff at the CFC handled around 750,000 calls and achieved an overall satisfaction rating of 90%.

CHAIR'S REPORT (continued)

As always, Wheatley Foundation did remarkable work in supporting our customers and communities, maximising access to employment, training and learning while tackling social exclusion and alleviating the impacts of poverty. The Foundation supported over 12,600 households in 2024/25, providing over 20,000 instances of direct support. Working with partners, it created 1,037 jobs, apprenticeships and training opportunities, with almost three-quarters going to people living in Wheatley homes.

Customers continued to influence decision-making and shape the services Wheatley delivers, with more than 1,500 customers registered for our Stronger Voices programme this year. This included 145 focus groups and panel meetings, as well as 427 walkabouts. A total of 23 customers were also involved in the Group Scrutiny Panel.

Wheatley Care continues to support people in engaging with their community through activities that improve physical and mental health, reduce social isolation, and increase access to employment, volunteering, and education. More than 100 Wheatley Care customers also took part in a consultation on changes to the national care sector, as well as on Wheatley Care's Livingwell project.

One of the aspects I admire most about Team Wheatley is its 'Think Yes' culture and its dedication to discovering new ways to support people in our communities. As we enter the final phase of our five-year strategy, 'Your Home, Your Community, Your Future', Wheatley continues to thrive. I take great pride in being part of an organisation that understands its customers and genuinely cares about their future.



Jo Armstrong

Chair of Wheatley Housing Group Board

CHIEF EXECUTIVE'S REPORT

At Wheatley, we know how much a safe, warm home can transform lives. From families having dinner together around the kitchen table to children having space to do their homework, better homes lead to better lives for the people living in them.

That's why I am particularly proud of two of Wheatley's biggest successes this year: building new homes and tackling homelessness. Both are closely connected, of course, and both serve as prime examples of Wheatley's importance to the sector as a whole and the consistent, high-level contributions it makes to national housing outcomes.

Wheatley built 844 new homes at 19 sites across the country in 2024/25. By the end of the financial year, we had 19 projects on site or due on site, which will deliver more than 1,003 new homes. The scale of this development is even more significant given the challenging operating environment, including changes to the Scottish Government's Affordable Housing Supply Programme grant, as well as rising labour, material, and maintenance costs.

It means Wheatley is once again on track to be the largest builder of social rented homes in the UK, which is a remarkable achievement. Even more important, however, is that so many lives in central and southern Scotland have been improved by the work we do.

Wheatley's commitment to tackling homelessness reached new heights this year, too. We increased the number of homeless lets to 2,673 homes in 2024/25, 60% of relevant lets, the highest yearly figure since the start of our strategy and leaving us well-placed to meet our target of 11,000 lets to homeless people by the end of 2025/26. Just as important as providing a home is the life-changing wraparound support available to the people living in those homes. Our 'MyGreatStart' initiative helped 1,164 new tenants develop the financial skills they need to sustain their tenancies this year, while our 'Starter Packs' programme provided 708 new tenants with essential household items such as bedding and crockery. Meanwhile, Home Comforts delivered 4,862 items of recycled furniture and white goods to 1,272 tenants in 2024/25.

The difficult economic climate brought Wheatley's strong financial management into even sharper focus this year. Prudent financial management has always been fundamental to everything we do. The completion of our annual review with credit rating agency S&P this year saw Wheatley maintain its strong credit rating of A+ with a stable outlook. Achieving this robust financial position is crucial for us to invest in the quality, safety and security of our homes.

Wheatley remains deeply rooted in our local communities, and that means we understand the economic difficulties our customers face and can offer targeted support, from financial guidance and employability advice to help with food costs, to help ease the pressures which impact their health, well-being and overall quality of life.

With 45% of Wheatley customers claiming Universal Credit, the work of our team of welfare benefits advisors has never been more important. It's been an exceptional year for the team, with their efforts securing more than £20 million in financial gain for 7,335 customers. Wheatley Foundation supported more than 12,600 households in 2024/25, maximising access to employment, training and learning opportunities for customers of all ages while tackling social exclusion and alleviating the impacts of poverty.

CHIEF EXECUTIVE'S REPORT

Our personalised approach, along with our deep understanding of what matters to our customers, is evident in the performance of our 24/7 Customer First Centre (CFC). The CFC is central to our operating model, and its locally based specialists worked more closely than ever with frontline housing teams this year. CFC staff handled nearly 750,000 calls, with 68% answered within 30 seconds, an average waiting time of 89 seconds, and 90% of calls resolved at the first point of contact. We understand the importance of waiting times but the relationships we have with our customers and our emphasis on the quality of service means our staff have the time they need to tailor their support to each customer. The success of this initiative is evident in the overall satisfaction with the CFC, which reached 90% by the end of the financial year.

Wheatley Care continued to provide inclusive and holistic support to people with complex conditions, including physical disabilities, learning disabilities, mental health conditions, addictions, and homelessness. In 2024/25, we supported 6,170 people across our services, helping them achieve the most out of their lives and reach their own positive outcomes.

Wheatley's reputation as an employer of choice for young people was maintained this year by our retention of the prestigious Investors in Young People accreditation, first awarded to us a decade ago. Wheatley Group also retained its Customer Service Excellence accreditation this year, with 24 'compliance plus' ratings.

We offered more opportunities for the people we work for to engage with us online, with 55,268 customers registered for an online account this year. Meanwhile, staff at the CFC handled 13,284 web chats over the year. The total number of visits to Wheatley Group websites over the year, including MyHousing, was 1,348,340, and the number of followers on our social media channels reached 59,501.

As we reach the final phase of our five-year strategy, Wheatley remains a high-performing organisation, more committed than ever to supporting its customers. And for that, I would like to thank my colleagues on the Executive Team, our dedicated board members and, most of all, everyone in Team Wheatley.



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Steven Henderson

Wheatley Housing Group Chief Executive

KEY HIGHLIGHTS OF 2024/25

Delivering exceptional customer experience

Tenancy sustainment rate over 93%

Overall tenant satisfaction at 91%

Making the most of our homes and assets

844 homes completed during the year and 1,003 on site or due on site

£81.3m invested in our existing homes and a further £115.3m spent on repairs and maintenance

Carbon emissions from our homes reduced by over 3,170 tonnes per annum this year

92% of our homes are rated EPC rating C or better

Changing lives and communities

83% of care services graded Very Good or Excellent compared to a Scottish average of 31%

Over 12,600 households supported by the Wheatley Foundation this year

2,673 lets made to homeless individuals or households comprising 60% of all lets

Developing our shared capability

1,037 employment, apprenticeship and training opportunities for 842 people living in our homes and communities

75% of promoted posts filled internally

Enabling our ambitions

Turnover of £516.8m

Earnings before interest, tax, depreciation and amortisation (EBITDA) of £169.4m

S&P global credit rating retained at A+ 'stable'

Cash of £36.3m and undrawn facilities of £324.4m at 31 March 2025

Available loan security of £789.5m at 31 March 2025

Management and administration cost per property of £991

Housing property values increased by £234.4m to £3,270.6m

STRATEGIC REPORT

Review of the year

As we marked the end of the fourth year of our five year strategy, our vision to make homes and lives better remains unchanged alongside our commitment to excellence, community focus and the provision of high quality services designed around our customers' needs. Our five year strategy 'Your Home, Your Community, Your Future' builds on our five key themes of:

- **Delivering exceptional customer experience**
- **Making the most of our homes and assets**
- **Changing lives and communities**
- **Developing our shared capability**
- **Enabling our ambitions**

A summary of our work under each of our strategic theme is set out below.

Delivering exceptional customer experience

Our operating model

Customers are at the heart of our decision making and we strive to ensure the services we deliver are clearly aligned with their needs. We deliver services to our customers through our network of housing officers supported by our 24/7 Customer First Centre (CFC) and our locally based environmental teams. We have a strong neighbourhood focus when delivering services to our customers using our "Think Yes" approach. Our housing officers work in small patch sizes managing between 200 and 250 tenancies. This allows them to understand the local issues that affect our customers, and their communities and services are tailored and personalised to customer's needs and circumstances. Annual tenant visits provided customers further opportunity to engage with us, discuss concerns they may have and helped us ensure our homes are in a good condition.

Strong business performance

As Wheatley moved into the final phase of its five-year strategy 'Your Home, Your Community, Your Future', we have maintained our well-deserved reputation for delivering award-winning services and creating better homes and better lives for the people we work for.

This year saw customer satisfaction indicators showing positive results with overall tenant satisfaction for the Group at 91%, high levels of tenancy sustainment at 93% tenancies sustained for more than 12 months, complaints handled efficiently, the building of significant numbers of new homes, and an enduring commitment to helping customers navigate difficult economic challenges. With a dedicated staff team united by a 'Think Yes' culture, and a strong track record of delivering innovative solutions to problems, Wheatley continued to ensure customers were at the heart of decision making and that services were clearly aligned with their needs.

Our gross rent arrears stood at just under 5.1% at the end of the financial year, down from 5.4% last year and well below the 2023/24 Scottish average of 6.7%. The percentage of rent collected was 99.3%, the highest collection percentage over the first four years of the strategy. The average days to re-let our homes this year was 17.5 days, above our 16-day target but well below the Scottish average of 56.7 days for 2023/24.

STRATEGIC REPORT (continued)

With the Scottish Government declaring a national housing emergency in May 2024, our commitment to tackling homelessness is an ever more important element of our five-year strategy. We allocated 2,673 homes to people who were homeless in 2024/25, the highest yearly figure since the start of our strategy and leaving us well-placed to meet our target of 11,000 lets to people who were homeless by the end of 2025/26. Our tenancy sustainment figures remained strong and above the Scottish average, with 93% of tenancies sustained for more than a year, up from 91% last year and the highest in the four years of our strategy.

Wheatley Foundation supported more than 12,600 households, providing 20,472 instances of direct support to alleviate financial pressures; creating 1,037 jobs, apprenticeship and training opportunities; and helping 3,486 children and young people participate in targeted programmes over the year.

Improving our repairs service

We know repairs is a priority for customers and we continued to use feedback from customers as well as direct engagement through our Group Scrutiny Panel, made up of members from our Customer Voices Programme to help us improve the service.

This year saw us build on the success of 'Book It, Track It, Rate It', our app which allows customers to book repairs online, track progress and provide feedback. The average satisfaction rating across the Group over the year was 4.5 out of 5 or 90%. Across Wheatley, we carried out 306,999 reactive repairs in 2024/25 and spent £115.3m on planned and reactive repairs and maintenance. Our specialist "MyRepairs" team focuses on the co-ordination of more complex repair work to deliver a high level of service for customers and help free up housing officers to spend more time with customers and in communities.

Our average time to complete emergency repairs was 3.25 hours below the Scottish average in 2023/24 of 4 hours, non-emergency repairs averaged 8.25 days with the repairs teams responding to three major storms from December 2024 to January 2025. The percentage of repairs completed right first time was 90% for the year ended 2024/25, in line with our target.

Customer First Centre

Our 24/7 CFC, a key pillar of our operating model, enhanced its service in 2024/25 by having locally based specialists working more closely with frontline housing teams in an aligned geographical approach.

Staff at the CFC handled 749,818 calls over the year, with 68% answered within 30 seconds; an average waiting time of 89 seconds; and 90% of calls resolved at the first point of contact. CFC staff also used webchat to communicate online with customers in real time, handling 13,284 webchats in 2024/25.

The CFC aims to provide quality solutions for customers, negating the need for them to call again or for enquiries to have to be redirected. Staff handle many complex issues and tailor their support to each customer. Our aim is to ensure staff have the time they need to support customers and resolve their issues, while also remaining mindful of call waiting times. Overall satisfaction with the CFC stood at 4.5 out of 5 or 90%, by the end of the financial year, reflecting the success of our approach which emphasises the quality of service.

STRATEGIC REPORT (continued)

Engaging with customers

We want Wheatley customers to be at the heart of decision-making to help ensure our services reflect their priorities.

More than 1,520 customers were registered with our Stronger Voices programme by the end of 2024/25, with 145 focus groups and panel meetings and 427 walkabouts held over the year. Investment work carried out through Stronger Voices included new planters at St Edmund Court in Glasgow; a donation to Ecclefechan Day Centre in Dumfries and Galloway; new lights on a pathway in Whitburn, West Lothian; and a new play area in Queens Quay, Clydebank.

Customers make up the Group Scrutiny Panel which reviews performance quarterly against Scottish Social Housing Charter indicators and in recent years has chosen to focus on anti-social behaviour, complaints and repairs, among other things. This year the Group Scrutiny Panel carried out a thematic review of our environmental services and developed a report with 12 recommendations, with clarity of information, communication and partnership working as key themes. Our environmental teams are working through their recommendations to implement solutions to help further improve the service.

In Wheatley Homes South, staff continued to consult with residents in Lochside in Dumfries and Galloway on plans for new homes as well as the wider regeneration of the area.

More than 100 care customers also took part in a consultation on the Care Reform (Scotland) Bill as it made its way through the Scottish Parliament, as well as Wheatley Care's own Livingwell project. Wheatley Care also continued to develop its approach to peer mentoring and advocacy in partnership with the Glasgow Homelessness Involvement and Feedback Team supporting customers to create a lived-experience service which mentors and advocates for people in our Fordneuk Accommodation and Support Service in Glasgow.

Tenants in the Wyndford Futures Focus Group have been instrumental in driving forward the £100m regeneration of the Glasgow community, shaping the masterplan by attending meetings and workshops, carrying out surveys and more. The tenant-led group won the award for Excellence in Community-Led Decision-Making at the UK Housing Awards this year and also picked up the Tenant Team of the Year at the Tenant Participation Advisory Service (TPAS) Scotland National Good Practice Awards.

STRATEGIC REPORT (continued)

Making the most of our homes and assets

New-build homes

Wheatley built 844 new homes, 563 for social rent and 281 for mid-market rent, at 19 sites across the country in 2024/25, seeing us named as the biggest developer of social housing in the UK by Inside Housing magazine once again in 2024/25. New homes developed included:

- 256 homes for Wheatley Homes East at West Craigs in Edinburgh;
- 123 Wheatley Homes Glasgow homes at Calton Village;
- 48 new homes for Loretto in East Lane, Paisley;
- 54 new Wheatley Homes South homes at Curries Yard in Dumfries; and
- 48 new homes for Lowther in Milton, Glasgow.

By the end of the financial year, we had 19 projects on site or due on site across central and southern Scotland which will deliver more than 1,003 new homes, including 44 new homes in Bishopbriggs; 33 at Johnstonebridge in Dumfries and Galloway; 75 new homes in Pollokshaws, Glasgow; 38 at Deans South in Livingston; and another 70 homes on the site of the former Bellgrove Hotel in Glasgow.

While 2024/25 saw a significant number of completions, the reduction in the Scottish Government's Affordable Housing Supply Programme grant impacted the number of projects we expected to start over the year, and this funding shortfall was compounded by the rising cost of labour and materials. We are exploring innovative funding models, including partnerships with private developers, to ensure we continue to increase the supply of much-needed affordable housing, while we continue to work with our partners in local and national government on the availability of grant funding and speeding up the planning process.

Investment in existing homes

Key drivers for our investment decisions include ensuring we meet all of our building compliance obligations; that our investment contributes to maintaining neighbourhoods which meet our customers' expectations; that we have strategies for particular stock types such as multi-storey flats and pre-1919 tenements; and that we meet our sustainability objectives through improving the energy-efficiency of our homes.

Our investment programme is also shaped by customers' priorities, and we invested £81.3m in improving our existing homes, making them safer, warmer, more energy-efficient and more attractive places to live.

Key projects carried out this year included:

- £12.1m on energy efficient heating systems and boilers including £6.0m on the completion of 1,344 boiler replacements in Glasgow, energy efficiency improvements to 124 homes and the installation of new heating systems, including air source heat pumps, for 182 homes across Edinburgh, West Lothian and the South;
- £8.5m on kitchens and bathrooms at change of tenancy and as part of planned lifecycle improvements to our homes across central and Southern Scotland;
- £6.0m on mechanical, electrical and plumbing including new CCTV systems in Glasgow, lifecycle replacements of communal pumps and tanks in the Wyndford estate and over 200 house rewires;
- £5.6m on structure and roofs including improvements to building fabric and roof renewals to homes and sandstone tenements in Glasgow, upgrades to 97 homes in the South and improvements to pre-1919 tenements in Edinburgh, benefitting 103 customers;

STRATEGIC REPORT (continued)

Investment in existing homes (continued)

- £4.6m on windows and doors including at Castlemilk and Ruchazie in Glasgow, Windsor Crescent in Loretto, and at 168 homes and 120 homes in the South and the East respectively;
- £3.4m on external wall finishes including fabric improvement of tenements in Cranhill, Glasgow and improvements to 59 homes in the South; and
- £1.8m on internal works and common areas mainly in Riddrieval, Townhead and the Saltmarket in Glasgow.

Building safety

We continued our focus on dealing with reports of damp and mould in our homes. We have set quick response targets to deal with reports of damp or mould and grade all reports of damp and mould with the vast majority mild in nature, and very low numbers of cases where significant mould or damp are present. Over 12,000 condition surveys using a firm of independent property surveyors combined with in person visits from housing officers were carried out during the year which confirmed that our housing stock is in good condition.

Helping our tenants stay safe from fire has always been our top priority, and the number of accidental fires in Wheatley homes fell by 21% over the year. Wheatley's own fire safety team carried out 537 person-centered fire risk assessments in our homes, and Scottish Fire and Rescue carried out 946 home fire safety visits. We installed 169 LD1 fire detection systems in our homes; delivered fire safety products such as fire-retardant bedding, ash trays and mail guards to 309 customers; carried out fire-related repairs to 224 homes; installed 94 stove guards in homes; and gave 25 customers specialised detection systems.

We continued to meet our compliance obligations in relation to gas and electrical safety requirements.

Regeneration plans

Wheatley Homes Glasgow's £100m transformation of Wyndford took a major step forward this year with the demolition of three multi-storey blocks in the community. Work is expected to start on building almost 400 new, energy-efficient larger family homes, 85% of which will be for social rent and the rest for mid-market rent. Work is expected to start on building those new homes in early 2027.

We work in partnership with Glasgow City Council as members of Transforming Communities: Glasgow, a body to oversee the delivery of regeneration and development across eight areas identified across the city as Transformational Regeneration Areas (TRAs).

Wheatley Homes South continued to consult with customers in the Lochside area of Dumfries this year over ambitious plans which will see modern, high-quality affordable homes built as well as the wider regeneration of the area.

STRATEGIC REPORT (continued)

Sustainability

At Wheatley, we are committed to 'greener homes, greener lives', to improving the fabric efficiency of our existing homes, upgrading heating systems to helping customers save on energy costs and building energy efficient new homes. A total of 92% of our homes have an Energy Performance Certificate of 'C' or better and all our new homes are at least EPC B.

This year, we introduced advanced control systems to improve the energy efficiency of our district heating systems in Glasgow and Edinburgh. These systems provide heating and hot water to 1,500 homes. Once fully implemented, the change is expected to deliver system efficiencies of over 60%, well ahead of the 30% to 45% efficiency typically delivered by district heating systems, and to reduce CO2 emissions per property by an estimated 1.4 tonne per install.

We installed new windows in over 1,000 homes this year, as well as 2,000 new heating systems



and smart control upgrades to over 800 electric heating systems. We also delivered around £4m of improvements through the Scottish Government's Social Housing Net Zero (SHNZ) fund, including the deep retro-fit of some of our least energy efficient homes in Dumfries and Galloway. This work included external wall insulation, air source heat pumps, new windows, solar panels and batteries and improved the EPC of 108 homes from 'E' to in many cases 'B' with a typical carbon reduction of 80%.

We also carried out energy efficiency improvements to pre-1919 tenements in Edinburgh and Glasgow, including internal wall insulation, draught proofing and high efficiency heating systems.

The 2,400 solar panels in our homes generated around 3,600,000 kWh of electricity this year for our customers to use. We also encouraged active travel and healthier living by investing £75,000 in cycle storage and free bikes for customers supported by Transport Scotland, and helped promote biodiversity and environmental quality by planting 500 trees, 3000 plants, bulbs and scrubs, and removing two tonnes of litter from our communities.

We kicked off an innovative research project at our new Shandwick Street development in Easterhouse, Glasgow, featuring six new-build homes designed, constructed, and insulated using different technology methods. We are now monitoring their energy consumption and efficiency to see how the different specification used compare with current Passivhaus standards (the international energy performance standard for buildings which aims to reduce the requirement for space heating and cooling).

STRATEGIC REPORT (continued)

Sustainability (continued)

Our measured carbon emissions solely from our corporate activities are:

Tonnes of CO ₂ arising from corporate activities	2020/21	2021/22	2022/23	2023/24	2024/25
Scope 1 Emissions from sources owned or controlled directly by us	126.6t	1623.6t	1847.0t	1859.5t	1618.8t
Scope 2 (market based) Emissions caused indirectly as a result of our activities such as electricity purchased by us	75.4t	307.7t	320.2t	0t	0t
Scope 3 Emissions produced by our supply chain (for example, travel for business purposes not procured by us)	21.0t	260.0t	435.9t	398.1t	745.1t

Source: PlanetMark (2020/21 to 2023/24) and Shift (2024/25)

The majority of our Scope 1 emissions are from our vehicle fleet and a direct result of delivering repairs and environmental service to meet the needs of customers in our communities. The increase in our Scope 3 emissions is as a result of increased staff travel as they prioritise working with our customers in their communities and neighbourhoods.

We also report sustainability measures in our Streamlined Energy and Carbon Reporting related to utilities consumption for all activities (i.e. in addition to our corporate use), with the following energy usage and carbon emissions, across all subsidiaries, for this year as follows:

- Underlying global utilities use for the organisation for the year ended 31 March 2025 of 50,804,007 kWh comprised of 72.7% for gas consumption totalling 36,930,160.06 kWh and 27.3% for electricity consumption totalling 13,873,847.63 kWh (2024: 45,298,719 kWh). The increase is a result of growth in our assets connected to new district heating systems through our housing development programme, and expansion of our neighbourhood and environmental team depots, to better meet customer needs.
- Emissions intensity ratio of 0.18 kgCO₂/kWh; taken from UK Government Business, Energy and Industrial Strategy (BEIS) 'Greenhouse Gas Conversion Emissions Factors' Table 10 'kgCO₂/kWh'. All our electricity consumption is zero emissions rated. The emissions arising are as a result of gas consumption.
- Annual greenhouse gas emissions for the year reported in tonnes of carbon dioxide equivalent of 6,647 tonnes of CO₂ (2024: 5,429 tCO₂).

More information is provided in our Environmental, Social and Governance Report for 2024/25.

STRATEGIC REPORT (continued)**Changing lives and communities****Supporting our customers**

The role of the Wheatley Foundation staff is to maximise access to employment, training and learning opportunities for customers of all ages, while tackling social exclusion and alleviating the impacts of poverty. This year the Foundation supported more than 12,600 households, with 20,472 instances of direct support to alleviate financial pressures. Our Helping Hand Fund provided direct financial support to over 5,300 households struggling with keeping their rent accounts up to date.

The Foundation invested over £8.8m in Wheatley communities over the year; secured more than £1.7m of external funding; and its programmes generated £17m of social value.

A total of 27,523 Wheatley Group customers, almost 45% of our customer base, are now on Universal Credit, an increase of 8% from last year. Over 20,000 instances of direct support to help alleviate financial pressures have been delivered by Foundation programmes this year, from advocating for customers to maximise their income to developing local food larders and providing free furniture and white goods. This included our welfare benefit advisors supporting 7,335 customers, helping them secure over £20m in financial gain, an increase of 46% from the year before and our fuel advisors helping 2,177 households.

The Foundation also created a new financial wellbeing team this year to help tenants manage their income, reduce financial strain, and build long-term stability.

Supporting and creating employment

Wheatley Works delivered 1,037 training and employment opportunities for 842 people this year, almost three-quarters of which went to people in Wheatley homes, including 54 apprentices recruited by our joint venture partner City Building.

A total of 55 Changing Lives trainees and environmental apprentices secured jobs at the end of their placements, with 35 landing roles in Wheatley subsidiaries; and 185 people were supported by the 'Way Ahead' programme funded by Glasgow City Council, creating 125 training opportunities and 30 job opportunities for people with experience of homelessness, addictions and the criminal justice system.

We helped 71 unemployed people improve their confidence and financial wellbeing through our 'Progress for Parents' service, securing 40 training places and ten jobs over the year, while 57 young people took part in 'Moving Forward Edinburgh' workshops to build skills and confidence, with 12 of them moving into work. In Dumfries and Galloway, 43 people landed training and work experience placements with our partners across the region, with 21 customers moving into employment. Community Benefits, delivered through Wheatley Group contracts, helped create 86 jobs, training or work placements over the year, with almost 70% going to Wheatley customers.

The John Wheatley Learning Network, made up of 32 community-based learning centres, helped 2,235 people with free internet access and digital learning courses on music, website design, photography and more over the year. The Foundation also awarded 50 people from Wheatley homes and communities a bursary to go to university or college and sent 774 children under five free books every month thanks to the partnership with the Dolly Parton Imagination Library, which has seen 40,000 free books provided since 2016.

STRATEGIC REPORT (continued)**Letting homes**

Wheatley allocated 2,673 homes to people who were experiencing homelessness over the year, 60% of relevant lets, including 21 through Housing First, a multi-agency partnership to tackle rough sleeping in which Wheatley plays a leading role, and 'flipped' 62 lets to permanent homes for the people who were homeless living in them. As well as increasing the number of homeless lets, we have been making the best use of our stock, including supporting people in larger homes to downsize, where appropriate.

Improving our neighbourhoods

Our partnership with Keep Scotland Beautiful (KSB) sees the environmental charity assess the service delivered by our environmental teams. In 2024/25, all Wheatley Homes Glasgow, Wheatley Homes South and Loretto neighbourhoods were rated as five-star, the highest possible grade, with more than 98% of Wheatley Homes East neighbourhoods also rated as five-star and the rest working towards that target. A total of 56 Wheatley customers are now trained in KSB's standards and environmental monitoring and take part in regular estate walkabouts with frontline staff.

We introduced a new Neighbourhood Environmental Improvement Team in Glasgow during the year, tackling everything from gutter cleaning to seasonal maintenance. We also held four 'environmental weeks of action' over the year, working with schools, council partners, community groups, volunteers and Wheatley contractors on litter picks, recycling, tree planting with more than 500 people taking part.

Our Community Improvement Partnership (CIP), the specialist team of police officers and our Antisocial Behaviour Prevention and Intervention (ASBIP) officers, work with communities to tackle anti-social behaviour and crime. At the end of the year, 74% of all Wheatley neighbourhoods were classed as 'peaceful'.

Wheatley Care

Wheatley Care provides inclusive and holistic support to people with complex conditions, including physical disabilities, learning disabilities, mental health conditions, addictions, and homelessness. In 2024/25, we supported 6,170 people across our services, helping them get the most out of their lives and achieve their own positive outcomes. Around 48% of our customers took part in our care customer sentiment survey this year with 98% satisfied with the service they received, and 95% of respondents said they were satisfied with opportunities to participate in decision making that shapes services, both exceeding the 90% strategic target. Wheatley Care also supports people to engage with their community through a range of activities to improve physical and mental health, reduce social isolation and increase access to employment, volunteering, and education.

STRATEGIC REPORT (continued)

Wheatley Care (continued)

The Care Inspectorate inspected eight of our services over the year. Out of our 18 live inspection reports, more than 83% received grades 5 (very good) or 6 (excellent) for the key themes inspected by the Care Inspectorate. This compares very well with the national average of 31%. All our services received grade 4 (good) and above for the key themes inspected, outperforming the national average of 86%.

More than 100 customers took part in a consultation on changes to the national care sector, as well as on Wheatley Care's Livingwell strategic project, our older peoples' service. Wheatley Care also engaged another 13 new volunteers across its services in 2024/25, meaning 47 volunteers with unique skills and/or lived experience have supported the delivery of our services since 2021. We continued to develop our approach to peer mentoring and advocacy in partnership with the Glasgow Homelessness Involvement and Feedback Team this year. This involved supporting customers to create a lived-experience service which mentors and advocates for people in our Fordneuk Accommodation and Support Service.

Developing our shared capability

Learning and development

At Wheatley, we always want to ensure our staff have the right skills and knowledge to provide the best possible service to the people we work for. We do this through a combination of online and face-to-face training provided by our in-house learning and development team The Academy and external providers.

We delivered well over 700 in-person training sessions this year, ranging from role-specific induction courses to helping staff refresh their online skills.

Our staff work with vulnerable customers and support people with often complex issues every day, and our training helps employees enhance their understanding and improve their confidence and professionalism in delivering high-quality services. Amongst others, staff took part in workshops on domestic abuse; SafeTALK sessions on suicide awareness and training on vicarious trauma.

The Academy also collaborated with colleagues across the Group to create seven new e-learning modules covering issues such as business ethics, New Scots and regulatory requirements. Wheatley's in-house repairs teams ran bespoke training for team leaders and managers to help them continue to improve the service and drive customer satisfaction. We updated our Customer Service Excellence training which was completed by staff from our environmental teams and our partners at City Building (Glasgow), offered a range of courses to support staff with their digital skills and a total of 1,548 staff took part in our EDI (Equity, Diversity and Inclusion) workshops.

All Wheatley Care staff were compliant with Scottish Social Services Council (SSSC) qualification requirements in 2024/25, and by the end of the year, over 82% of care staff either held or were working towards qualification requirements set by the SSSC.

Creating opportunities

We know how important it is to identify potential leaders and provide them with the opportunities to develop their careers and move into leadership roles. Our four-year graduate programme, Ignite, provides a combination of on-the-job training, support and mentoring and the opportunity to study for an MA in Housing Studies at Stirling University. A total of 16 staff joined our Aspire programme in 2024/25, while 13 staff took part in our Leading with Impact programme for middle level managers. This year, 75% of promoted posts within Wheatley were filled by internal candidates.

STRATEGIC REPORT (continued)

Creating opportunities (continued)

A total of 24 young people, including the children of customers and staff, joined our two-week summer work programme and took part in training on emergency first aid and presentation skills as well as working with teams to get an insight into the many and varied roles carried out by staff across the Group.

Bursaries and qualifications

Wheatley's staff bursary scheme is an important way of supporting employees to further their education, update their skills and improve their prospects, with 24 staff awarded a staff bursary in 2024/25.

A total of 106 staff gained a professional qualification delivered by our in-house team in 2024/25, including 15 qualifying in the CIH in Housing Practice Level 2; 45 gaining a qualification in CIH in Housing Practice Level 3; and 46 qualifying in CIH in Neighbourhood Maintenance Level 2.

Reward and recognition

We continued to receive external recognition for excellence across in 2024/25. The Group retained its Customer Service Excellence (CSE) accreditation, the national standard for excellence in customer service in public sector organisations, with 24 'compliance plus' ratings.

The Group also retained the prestigious Investors in Young People (IYYP) gold accreditation, first awarded to Wheatley in 2015 and another way Wheatley is proving to be an employer of choice for young people and currently holds Investors in People's Platinum accreditation.

Wheatley's rewards package offered staff a range of benefits this year, including shopping discounts, help with childcare, and support with the costs of optical care and dental treatments.

Enabling our ambitions

Financial viability

Value for money services and keeping rents affordable remains a key strategic aim. We strive to strike the right balance between affordability for our customers against the ongoing financial viability of our operations and the preservation of investment in our homes and services to customers. In support of this, our financial strategy focuses on delivering operational efficiencies and embedding these within our business plan and annual budgets giving us the ability and capacity to respond to financial challenges. The Financial Review for the year outlines in detail the solid performance delivered by the Group in 2024/25 that saw turnover grow from £412.6m to £516.8m, operating surplus increase from £74.2m to £161.4m and the net asset position strengthen from £1,473.7m to £1,617.0m.

The Group completed its annual review process with S&P Global, the credit rating agency, retaining an A+ rating with stable outlook reflecting the Group's strong financial management. The review included an analysis of financial performance and business plans, as well as an assessment of Scotland's operating and regulatory environment. Achieving a robust financial position is crucial for us as we continue to invest in the quality, safety and security of our homes. We have had our A+ stable rating since 2019 and it places us in a small number of the highest rated large housing providers in the UK. S&P Global also reviewed the separate standalone rating for Lowther which retained its A rating.

STRATEGIC REPORT (continued)**Financial viability (continued)**

Performance from the commercial activities of the Group also remained robust and exceeded targets. In Lowther, the private letting and factoring operations generated an operating margin of 34% (2024: 24%) before non-cash accounting adjustment for property valuations. This allowed a gift aid payment of £3.4m (2024: £2.7m) to be made to the Wheatley Foundation for community investment projects and provided funding to support our tenants. Lowther's commercial letting activities also continued to exceed targets with a reduction in commercial arrears from 2023/24, and overall void levels remaining in line with the prior year.

Innovation in services

We continued to improve our online service and offer more ways for customers to engage with us through our digital channels. Our suite of digital webforms allows customers to request services, make appointments, access information and advice, and more. Staff at our CFC use webchat to speak to customers online about any housing-related matter, with more than 13,200 webchats handled over the year. In addition, we introduced a new cloud-based telephone system this year to the CFC and 120 other sites across the Group, giving us a more reliable, scalable and flexible way of meeting customer and business needs.

Wheatley's online accounts offer a convenient method for customers to raise a repair, pay their rent, access housing applications and more. Across the Group, almost 60% of our customers were registered for an online account this year. A total of 858,984 people used the MyHousing website, Wheatley's housing, information and letting service this year. The total number of visits to Wheatley Group websites over the year, including MyHousing, was 1,348,340.

Across the Group, the total number of followers on our social media channels (Facebook, X, Instagram, LinkedIn) grew by 2,834 to reach 59,501 this year.

Procurement

The Group is required to comply with the Procurement (Scotland) Regulations 2016 for all procurement and contracting arrangements due to our classification as a Contracting Authority. Across all Group entities, 98% of all purchases were made via contracted procurement routes, broadly in line with the previous year. The Group leverages its market position, where possible, to procure for customers, identifying opportunities to consolidate suppliers for economies of scale and facilitating new procurement as contracts expire.

Biannually, our procurement activities are audited by external assessors from Scotland Excel on behalf of the Scottish Government; the most recent audit awarded 99 out of the possible 100 marks.

The Group aims to pay undisputed and valid invoices within 30 days. In 2024/25, 93% of Group invoices were paid within this timeframe, an improvement from the 91% paid within 30 days in 2023/24.

STRATEGIC REPORT (continued)

Financial Review – Group Highlights

The Group recorded a year of solid financial performance in 2024/25. Ensuring responsible and sustainable financial management is embedded across the Group provides us with a robust and resilient platform to achieve our strategic objectives. We invest our net surplus to deliver our strategic priorities through our programme of planned improvements to our existing homes and neighbourhoods. New funding raised in the year is invested in the development of new affordable homes with 844 completed this year. Key financial performance indicators remain strong, complementing a similar trend in customer satisfaction measures as we focus on activities and services customers have told us are the most important.

Statement of Comprehensive Income

The Group generated an operating surplus of £161.4m (2024: £74.2m) for the year after accounting for grant income recognised on new build completions and other non-cash items. Non-cash items reported within operating surplus include:

- Grant income recognised on the completion of new build properties and acquisitions of £99.6m compared to £27.6m in the prior year, an increase of £72.0m. The grant received for new build is held on the Statement of Financial Position until the properties are completed when it is recognised as income through operating surplus. The amount recognised varies dependant on the timing and size of the new build programme. The increase this year is linked to the 844 new homes completed in 2024/25 compared to 348 new homes in 2023/24.
- Other gains and losses report an upward movement on valuation of investment properties of £10.7m compared to an upward movement of £9.9m in the prior year. Investment properties are held on the Statement of Financial Position at valuation and on completion of new-build properties FRS 102 requires the associated grant income to be recognised through profit or loss under the performance model.

The operating surplus also reflects growth in income. This has been generated from our annual rent increases and our strong letting performance generating an increase in income from our core letting and property management operations together with an increase in other revenue grant income received in the year to support investment in our homes.

Table 1:

Five -Year Summary	2021	2022	2023	2024	2025
	£m	£m	£m	£m	£m
Statement of Comprehensive Income					
Turnover	388.6	418.0	423.6	412.6	516.8
Operating expenditure	(303.9)	(332.0)	(335.5)	(348.3)	(366.1)
Other gains and losses	(8.0)	(3.1)	(8.7)	9.9	10.7
Operating surplus	76.7	82.9	79.4	74.2	161.4
Share of profit in JV	0.0	0.0	0.0	0.0	0.3
Gain on disposal of fixed assets	1.8	1.1	0.3	0.9	1.2
Net finance charges	(99.0)	(63.7)	(64.0)	(71.4)	(76.7)
Movement in fair value of financial instruments	(2.2)	(4.3)	0.8	3.7	1.5
Surplus for the year before tax	(22.7)	16.0	16.5	7.4	87.7
Operating surplus	76.7	82.9	79.4	74.2	161.4
Adjusted for:					
New build grant	(28.9)	(36.5)	(54.8)	(27.6)	(99.6)
Other gains and losses	8.0	3.1	8.7	(9.9)	(10.7)
Depreciation and other non cash accounting items	95.6	110.2	110.1	109.5	118.3
EBITDA	151.4	159.7	143.4	146.2	169.4
Adjusted for:					
Investment in existing affordable housing	(47.6)	(108.7)	(76.7)	(76.8)	(81.3)
EBITDA MRI	103.8	51.0	66.7	69.4	88.1

STRATEGIC REPORT (continued)

Statement of Comprehensive Income (continued)

As shown in the summary of the Statement of Comprehensive Income in Table 1, total turnover in the year was £516.8m, up from £412.6m in 2024.

Chart 1:

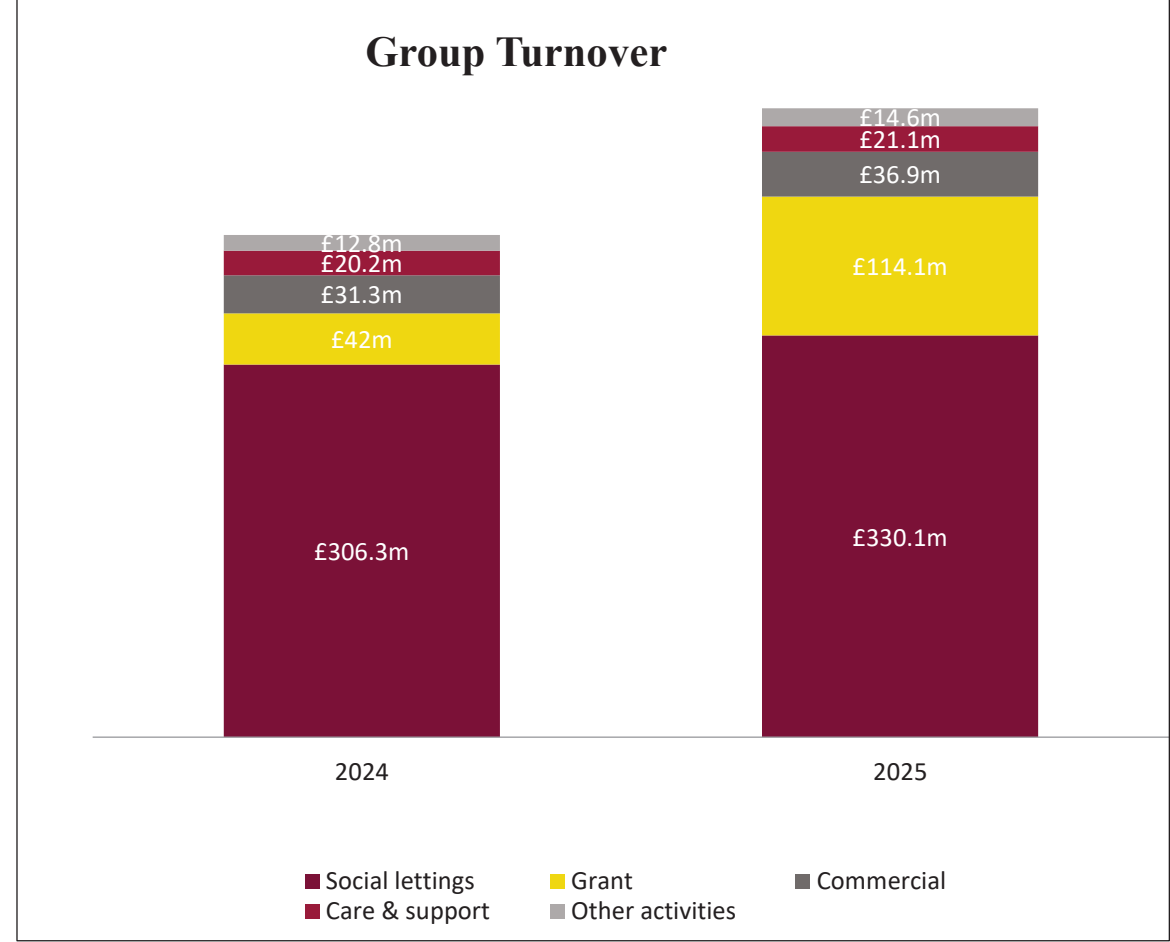


Chart 1 shows 63.9% (2024: 74.2%) of turnover was generated from the Group’s core social letting activities with our rent increases, our strong letting performance and additional homes completed in the new build programme generating income of £330.1m up from £306.3m in the prior year. A higher level of grant income of £114.1m (2024: £42.0m), principally from new build grant income, was also recognised in the year following the completion of our new build properties.

Non-social housing activities represent a relatively small proportion of the Group’s overall turnover. In 2024/25, care and support income of £21.1m was around 4.0% of Group turnover. Factoring and letting activities generated a further £36.9m or 7.1%. Other income of £14.6m includes grants and donations to the Wheatley Foundation, income from owners for improvements and commercial property income.

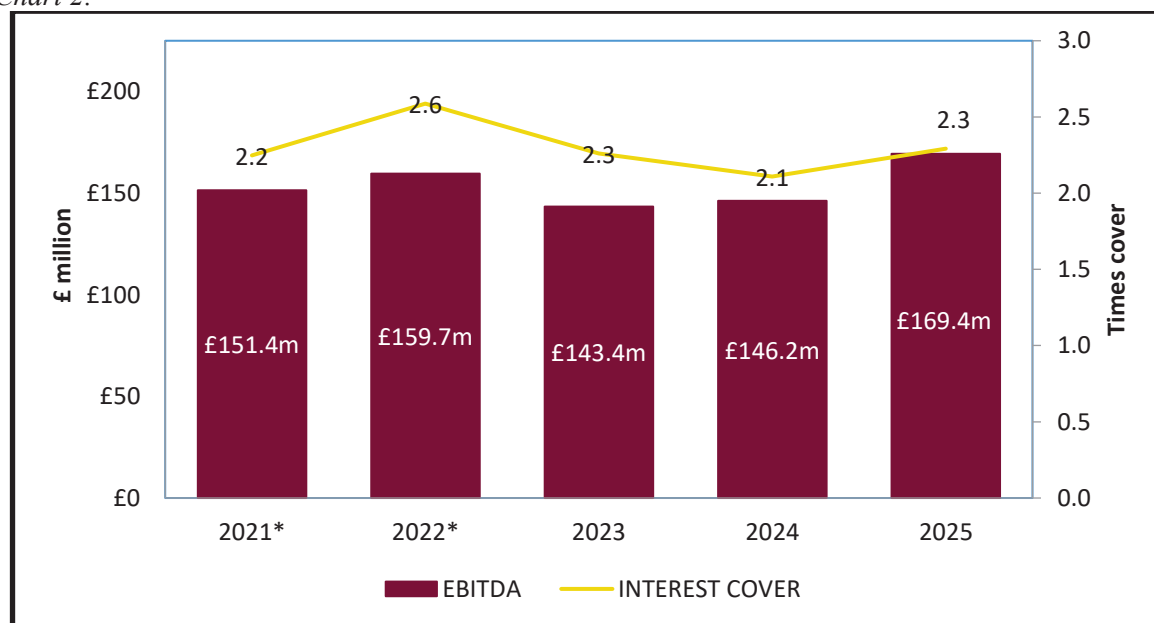
STRATEGIC REPORT (continued)

Statement of Comprehensive Income (continued)

EBITDA or earnings before interest, tax, depreciation and amortisation (adjusted to remove new-build government grant, non-cash accounting adjustments reported in other gains and losses and FRS 102 pension costs) increased to £169.4m from £146.2m in the prior year as shown in Table 1. EBITDA has improved over the five years from 2020/21 by £18.0m or 11.9%. Despite the lasting impact of a number of years of high inflation on our cost base, an increase in EBITDA has been generated through our rent increases, improvements in our financial performance from our strong core social letting and property management performance and delivery of operational efficiencies.

As shown in Chart 2, the Group's ability to meet interest payments due on borrowings from EBITDA also known as interest cover, has been maintained at 2 times above or higher. Our exposure to interest rate movements is managed with 86.8% of our borrowings on fixed rate arrangements at 31 March 2025.

Chart 2:



*EBITDA in 2021/22 benefitted from the inclusion of a one-off receipt of £12.9m in other income which was reinvested into capital improvements and the pandemic restrictions imposed by Government in 2020/21 saw an increase in EBITDA from reduced repairs costs.

The Group uses adjusted EBITDA after taking account of all fixed asset capital investment spend in existing affordable housing as a key indicator of financial strength. This is referred to as EBITDA MRI (as shown in Table 1) and is assessed relative to finance costs for the year to show the earnings available to service borrowings. Strengthening the ability of the Group to generate surpluses over and above the level required to fund capital investment and service debt with new borrowing only for funding new build development is a key strategic objective.

STRATEGIC REPORT (continued)

Statement of Comprehensive Income (continued)

As shown in Chart 3, for 2024/25, EBITDA MRI, after deducting capital investment of £81.3m (2024: £76.8m), was more than sufficient to cover interest payments of £73.9m.

Chart 3:

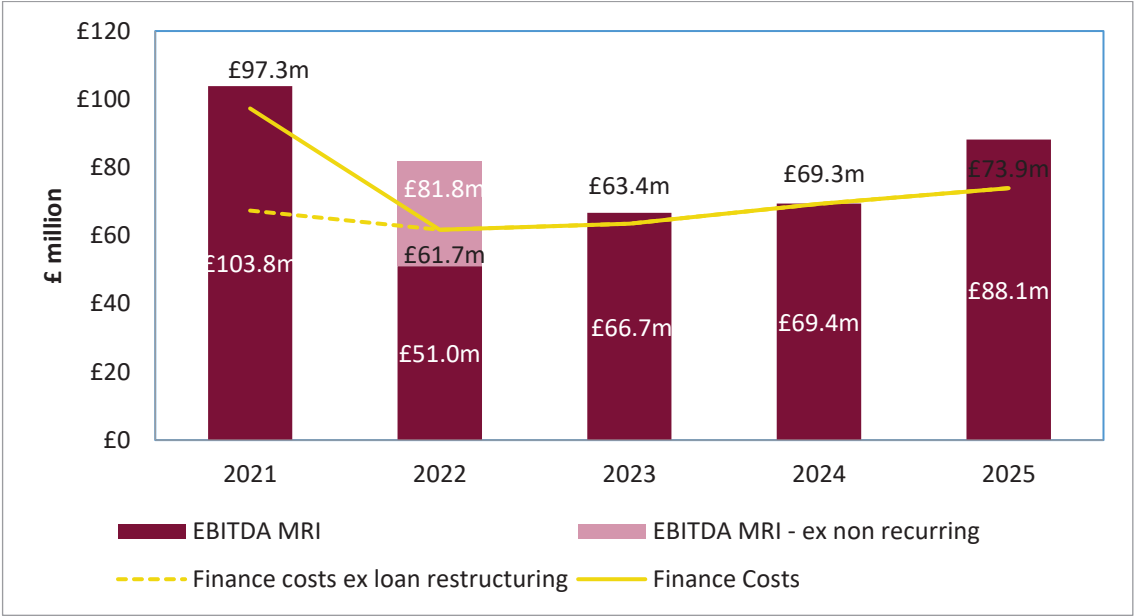


Chart 3 shows the progress against this objective over the five years since 2020/21. In 2021/22 a large element of non-recurring capital works were undertaken in Wheatley Homes South which had been postponed in 2020/21 due to the pandemic. Excluding these catch-up capital projects EBITDA MRI of £81.8m would have been reported sufficient to cover interest payments.

Statement of Financial Position

As shown in Table 2, total reserves of £1,617.0m increased by £143.3m in the year.

Social housing and investment properties, excluding housing under construction, increased in value by £234.4m this year representing the long-term value of investment in customers' homes and the investment in the new-build programme, completing 844 new homes this year with a further 1,003 on site or due on site. Our social housing properties are valued using the Existing Use for Social Housing Valuation methodology ("EUV-SH") which will not always reflect the scale of capital investment spend reported in the particular financial year. The increase in valuation at 31 March 2025 reflects the view of our independent valuation expert on the high quality and good condition of our properties.

STRATEGIC REPORT (continued)

Statement of Financial Position (continued)

Current liabilities of £212.8m are reported, an increase £0.4m on the £212.4m at 31 March 2024. The movement reflects the increase in the amount of new build grant income to be released from current liabilities to the Statement of Comprehensive Income in 2025/26 on completion of properties, offset by a reduction in borrowings falling due for repayment within one year and a reduction in trade creditors and accruals reflecting the timing of payments. Other long-term liabilities have decreased from £125.8m in 2024 to £74.6m in 2025 due to a reduction in the receipt of new build grant income in the year for properties due to complete after 31 March 2026.

Debt and gearing levels remain sustainable, with long term loans of £1,699.2m (2024: £1,580.6m). Gross debt per unit was £26,431 (2024: £24,715), which remains below the majority of large UK housing groups. Gearing, measured by net debt as a percentage of asset values in the Statement of Financial Position also remained stable and comfortable at 49% at 31 March 2025 (2024: 49%).

Table 2:

Five -Year Summary	2021	2022	2023	2024	2025
	£m	£m	£m	£m	£m
Statement of Financial Position					
Social housing and investment properties	2,710.6	2,759.1	2,873.8	3,245.9	3,448.4
Other fixed assets	65.2	121.3	74.2	78.9	88.3
Current assets	189.0	120.5	86.6	87.8	84.5
	2,964.8	3,000.9	3,034.6	3,412.6	3,621.2
Current liabilities	158.9	186.3	153.9	212.4	212.8
Long term loans	1,479.4	1,493.7	1,529.6	1,580.6	1,699.2
Other long term creditors	78.9	78.3	101.5	125.8	74.6
Provisions and pensions	29.3	9.5	12.0	20.1	17.6
Reserves	1,218.3	1,233.1	1,237.6	1,473.7	1,617.0
	2,964.8	3,000.9	3,034.6	3,412.6	3,621.2
	2021	2022	2023	2024	2025
	£m	£m	£m	£m	£m
Gearing					
Social housing properties	2,474.7	2,496.8	2,599.9	2,935.9	3,062.1
Market-rent properties	222.9	248.9	259.8	295.6	371.7
Asset values	2,697.6	2,745.7	2,859.7	3,231.5	3,433.8
Loans	1,487.4	1,510.2	1,546.0	1,614.1	1,729.0
Cash	(132.2)	(62.2)	(39.7)	(36.3)	(36.3)
Net debt	1,355.2	1,448.0	1,506.3	1,577.8	1,692.7
Gearing %	50%	53%	53%	49%	49%

STRATEGIC REPORT (continued)

Cashflow and liquidity

All cash balances and surpluses are fully reinvested in the delivery of housing services, investment in customers' homes and the delivery of new homes. Under the Group's constitution no cash or surpluses can be used for any other purpose.

The Group generated a cash inflow of £155.8m (2024: £160.9m) from operating activities demonstrating our ability to generate sufficient and reliable funds from core letting and property management operations to meet the costs of providing our services to customers and invest in existing homes. New borrowings were drawn from facilities secured under the Scottish Government Charitable Bond Programme, private placement loan notes and our revolving credit facility which were used to fund our new build programme. The Group's ability to generate a high level of operating cashflow was recognised by S&P during their recent review of the Group's credit rating.

- Rental cashflows remained strong and dependable with arrears levels being closely monitored. Rental income also grew from an increase in property numbers with the addition of 348 new homes in 2023/24 and a further 844 during the year. Savings achieved from the successful delivery of our efficiency targets also continued to contribute.
- To help support the development of new housing, grant income of £69.0m (2024: £76.7m) was received in the year from the Scottish Government and local authorities. Other grant income to help deliver projects in existing homes of £3.5m was also received (2024: £0.5m).
- After taking account of investing and financing activities, cash and cash equivalents were £36.3m with those funds utilised in the delivery of the new build programme and planned repayment of borrowings.

Social Letting Activities – Key Performance Indicators

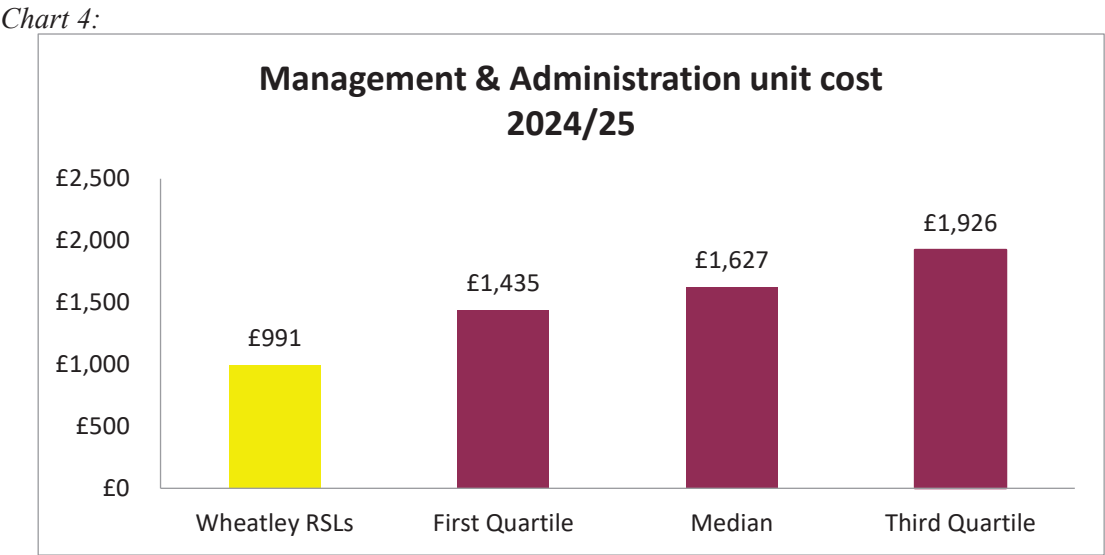
In addition to the Group measures of operating surplus, EBITDA and EBITDA MRI, additional key performance indicators ("KPIs") are used to assess and benchmark performance of our RSLs against our strategic objective of delivering exceptional customer experience with a particular focus on services representing Value for Money.

Management and administration costs

Management costs are reported in note 4 to these financial statements. For the Group RSLs, management cost per unit in 2024/25 was £991 increasing from £947 in the prior year and down from £1,121 in 2021. While we continued to focus on the efficiencies of our group structure to minimise overheads and provide services which represent value for money to our customers the increase in management costs per unit in the year reflects the demolition of over 730 social rent properties, including 600 at Wyndford, reducing the overall size of our stock numbers at 31 March 2025. As shown in Chart 4, our management cost per unit remains below the median for the sector as compared against other mainstream Scottish RSLs with a majority of stock classified as general needs. Around a quarter of the Group's properties are high-rise flats, and by virtue of the services provided such as the investment in concierge and environmental services, management costs in these properties are higher than similar low-rise properties.

STRATEGIC REPORT (continued)

Social Letting Activities highlights (continued)



Source: Scottish Housing Regulator comparison of Scottish RSL unit costs 2023/24
Wheatley Housing Group Financial Statements 2024/25 note 4, note 17

Social Housing cost per unit

Headline social housing cost per unit includes revenue repairs and maintenance spend and investment in capital improvements within our social housing properties. Money invested in existing homes across revenue repairs, maintenance and capital improvements comprises the largest element of this KPI with £196.6m spent this year (2024: £186.9m).

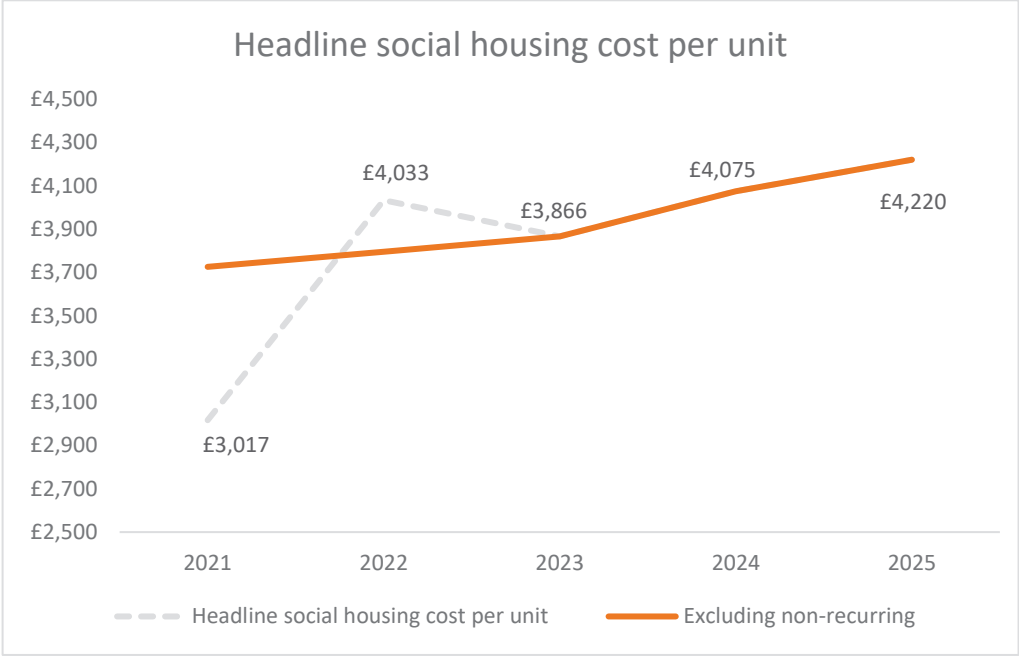
In 2024/25 a headline social housing cost per unit of £4,220 is reported compared to £4,075 in 2023/24 with the uplift linked to our objective of increasing the level of investment in our existing properties including investment which improves the energy efficiency of our homes to provide high quality housing for our customers.

As shown in Chart 5, the profile of our capital programme was disrupted in 2021/22 due to the pandemic, initially by pandemic restrictions and thereafter by catch up investment spend postponed from the year before. Stripping out this disruption, social housing cost per unit shows an increasing trend in line with our targets and current and future financial planning to increase the level of investment in homes.

STRATEGIC REPORT (continued)

Social Letting Activities highlights (continued)

Chart 5:



STRATEGIC REPORT (continued)**Treasury Management****Long term debt facilities**

As at 31 March 2025, Wheatley Group had £2,049.9m (2024: £1,851.5m) of bond and bank funding facilities in place with total Group drawn debt balances of £1,725.5m (2024: £1,616.7m). Facilities of £324.4m (2024: £234.8m) were undrawn at the year end, providing a high level of liquidity for the Group.

New long-term facilities were arranged during the financial year including a private note placement for Wheatley Funding No.1 Ltd ("WFL1") for £125m in September 2024, a new facility for WFL1 with Allia for £7.3m in March 2025 and a £100m tap in March 2025 of our existing 4.375% Wheatley Group Capital plc bond which was fully retained.

The RSL Group treasury vehicle, WFL1, provides the debt facilities via intra-group agreements for five group subsidiary companies: Wheatley Homes Glasgow, Wheatley Homes South, Wheatley Homes East, Loretto Housing and Wheatley Developments Scotland Limited. The funding facilities of WFL1 consisted of bank facilities from a syndicate of three commercial lenders, as well as two debt facilities from the European Investment Bank, committed facilities from RBS and Barclays, private note placements, Scottish Government charitable bonds administered by Allia, and bond funding raised on the debt capital markets. WFL1 committed facilities totalled £1,865.9m at 31 March 2025 (2024: £1,667.5m). These loans are secured on property assets of these RSLs through a security trust structure.

In addition to group funding through WFL1, Wheatley Homes East has a £16.5m direct loan from The Housing Finance Corporation ("THFC") secured on their property assets and a £16.0m unsecured loan from Allia. Wheatley Homes South has a £40.0m direct loan from THFC secured on their property assets and several unsecured loans totalling £35.0m with Allia.

Wheatley Funding No.2 Ltd ("WFL2") is the funding vehicle for the commercial activities of the Wheatley Group with a £76.5m (2024: £76.5m) debt facility in place with Scottish Widows, secured against properties for mid-market and private sector rent.

STRATEGIC REPORT (continued)

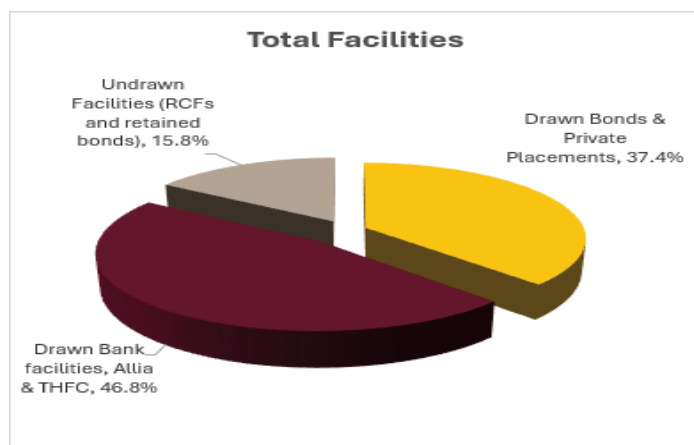
The committed funding facilities in place on 31 March 2025 comprised the following:

<u>Group Co</u>	<u>Facility</u>	<u>Principal</u>
WGC plc	Public bond - issued 2014/15	£300.0m
WGC plc	Public bond – created and retained in full 2024/25	£100.0m
WFL1	Private Placement loan notes - issued 2017/18	£100.0m
WFL1	Private Placement loan notes - issued 2018/19	£50.0m
WFL1	Private Placement loan notes – issued 2019/20	£114.0m
WFL1	Private Placement loan notes – issued 2024/25	£125.0m
WFL1	Barclays facility	£50.0m
WFL1	RBS facility	£ 35.0m
WFL1	Commercial bank syndicated facility	£654.7m
WFL1	European Investment Bank facilities (2003 & 2018)	£254.9m
WFL1	Allia facilities	£ 82.3m
WH-East	THFC facilities	£ 16.5m
WH-East	Allia facilities	£ 16.0m
WH-South	THFC facilities	£ 40.0m
WH-South	Allia facilities	£ 35.0m
WFL2	Scottish Widows facility	<u>£ 76.5m</u>
		£2,049.9m

Total drawn balances as at 31 March 2025 were £1,725.5m (2024: £1,616.7m). Group RSLs had drawn £1,541.5m from WFL1. Wheatley Homes East direct loans were drawn at £16.5m from THFC and £16.0m from Allia. Wheatley Homes South direct loans were drawn at £40.0m from THFC and £35.0m from Allia. In WFL 2, Lowther Homes had fully drawn the £76.5m facility. The split of total facilities is shown in chart 6 below:

STRATEGIC REPORT (continued)

Chart 6:



As at 31 March 2025, £324.4m (15.8%) of borrowing facilities were undrawn (2024: £234.8m, 12.7%).

The weighted average duration of committed facilities across the Group is 16.1 years (2024: 15.0 years). Under the Group Treasury Management Policy, we retain adequate immediately available funds to meet our cash requirements for at least the next 24 months (Liquidity Golden Rule).

The historic weighted average cost of drawn debt, inclusive of margins and hedging activities, was 4.56% on a Group-wide basis at 31 March 2025 on an annual effective rate basis (2024: 4.43%). Asset value (for debt security purposes) was £2,799.0m at 31 March 2025, with £789.5m (22%) of assets being available for security (either categorised as unsecured or unallocated to a funder).

Counterparty risk

The notional pooling of surplus cash across RSLs is used to enhance the Group's ability to earn interest on cash balances. Cash balances are held in accounts or invested in AAA-rated money market funds that earn interest and minimise balances held in zero interest accounts.

The Group operates a conservative counterparty risk management strategy that aims to minimise the risk of a financial loss, reputational loss or liquidity exposure as the result of the counterparty to any treasury transaction becoming insolvent. As at 31 March 2025, all cash investments are held with counterparties who meet the criteria of the Group Treasury Management Policy.

Interest rate risk

The Group's Treasury Management Policy sets out an on-going objective in relation to the proportion of fixed versus floating rate debt, with the target proportion in the policy specified at 75 – 95% across the term of the debt. At 31 March 2025, 86.8% of Group borrowings were at fixed rates (2024: 86.3%).

In respect of bank loans, the Group hedges against interest rate risk with embedded hedges, the terms of which permit these loans to be classified as “basic” financial instruments under FRS 102. The Group does not have any stand-alone derivatives connected with any debt instruments and no margin call clauses exist in any of the Group loans.

Currency risk

The Group borrows and invests surplus cash only in sterling and does not have any foreign currency risk.

STRATEGIC REPORT (continued)

Loan covenant compliance

Loan covenants relate to interest cover, borrowing levels relative to surplus generation and per unit, and asset cover, based on social housing asset values. Covenants are monitored monthly and were comfortably met throughout the year and at the year-end for all loan facilities.

On behalf of the Board



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Jo Armstrong, Chair

22 September 2025

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2025.

Result for the year

The result for the year and an analysis of the performance of the Group has been included within the Strategic Report.

Wheatley Board, Committee structure and related matters

Wheatley Housing Group ("the company") is the parent company of the Group which comprises a range of subsidiaries, referred hereafter as 'partners'. Our partners include: four RSLs; a group development company; a commercial subsidiary; our care subsidiary; a group services company Wheatley Solutions, The Wheatley Foundation and a 50:50 joint venture with Glasgow City Council - City Building (Glasgow) LLP.

All members of the Group work collaboratively to ensure that each member can achieve more for their customers and communities through being part of the Group than they could on their own.

The Group is regulated by the Scottish Housing Regulator ("SHR") and complies with the SHR's Regulatory Framework and Regulatory Standards of Governance.

As at 31 March 2025, the company's Articles of Association allowed for the appointment of up to fourteen directors as follows:

- Up to six Independent Non-Executive Directors
- Up to five subsidiary Chair Board Directors
- Up to two Co-opted Directors
- Up to one 'Other' Director

The Directors of the Group Board who hold current appointments up to the date of signing the financial statements are listed below together with any Group Committees served on at any point over the same period, followed by a list of Directors who resigned during the year.

DIRECTORS' REPORT (continued)

CURRENT APPOINTMENTS

 Jo Armstrong Group Chair Appointment 24 June 2015 (Appointed Group Chair 29 September 2021) Jo is one of Scotland's leading business economists whose extensive professional career spans financial services, the Scottish civil service and charitable sector. An experienced Non-Executive Director and Chair, Jo is currently the Chair of the Accounts Commission for Scotland, a panel member of the Competition and Markets Authority, Chair of Hub West Scotland and a Fellow of the Institute of Directors. Previously, Jo chaired OFGEM's expert panel for its Electricity Network Innovation Fund; was a budget advisor to two Scottish parliamentary committees; an honorary professor of Public Policy at The University of Glasgow; was a Board member at the Water Industry Commission for Scotland and is a former chair of ENABLE Scotland. She holds two degrees in economics from the University of Strathclyde. Group Boards and Committees Group Strategic Development Committee Group Remuneration, Appointments, Appraisals and Governance Committee	 Caroline Gardner CBE Non-Executive Director Appointment 29 September 2021 A qualified accountant, Caroline was the Auditor General for Scotland from 2012 to 2020, responsible for auditing the Scottish Government and reporting to the Scottish Parliament on more than £40bn of public spending. She is an experienced non-executive director; current board roles include PwC UK's Audit Oversight Body and the International Federation of Accountants. Caroline is a Fellow and past President of the Chartered Institute of Public Finance and Accountancy, a Fellow of the Royal Society of Edinburgh, and an honorary professor at the University of Glasgow. She holds an honorary doctorate from the University of Strathclyde. Group Boards and Committees Group Audit Committee (Chair) Group Strategic Development Committee, Group Remuneration, Appointments, Appraisals and Governance Committee Wheatley Group Capital PLC (Non-Executive Director) Wheatley Funding No1 Limited (Non-Executive Director) Wheatley Funding No2 Limited (Non-Executive Director)
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DIRECTORS' REPORT (continued)

 Jo Boaden CBE Non-Executive Director Appointment 17 December 2018 Jo started her career as an Environmental Health Officer in Glasgow and has since held a number of senior roles in housing, regeneration and social policy across the UK in both the public and private sectors. Prior to her retirement, Jo was Chief Executive of the Northern Housing Consortium for 9 years. An experienced Non Executive, Jo is a member of the Board of the Regulator of Social Housing in England and Chair of CaCHE North and the Midlands Hub – the UK collaborative centre for housing evidence. Prior to this Jo was Chair of Your Homes Newcastle, one of the largest property management organisations in the North East. A former winner of the prestigious Woman of the Year title at the 2018 Women in Housing Awards, Jo was awarded a CBE for services to housing in 2018 and holds a LLB (Hons) and MBA. Group Boards and Committees Wheatley Solutions (Chair) Wheatley Homes South (Chair)	 Lindsey Cartwright Subsidiary Chair Director Appointment 29 September 2021 Lindsey is a qualified solicitor with over 25 years' experience and is a partner at Morton Fraser Macroboberts LLP. Lindsey is accredited by the Law Society of Scotland as a specialist in employment law and is the first female President of the Employment Law Group in Scotland. She is also the Senior Tutor in employment law for the Diploma in Professional Legal Practice at The University of Glasgow. Group Boards and Committees Wheatley Care (Chair)
 Maureen Dowden Subsidiary Chair Director Appointment 12 May 2020 Maureen has worked in housing for almost 40 years, a career that started in local government and went on to include senior positions at The Glasgow Housing Association and Wheatley Group prior to retiring in early 2018. She has a particular expertise in corporate governance in regulated environments, and community empowerment and engagement. An experienced Non-Executive, Maureen is Vice Chair of Thenue Housing and has previously held roles on the Boards of Quality Scotland Foundation, Loretto Housing Association and Supporting Communities Northern Ireland. Group Boards and Committees Wheatley Homes Glasgow (Chair) Wheatley Solutions Limited (Non-Executive Director) Group Remuneration, Appointments, Appraisals and Governance Committee Group Audit Committee	 Bryan Duncan Non-Executive Director Appointment 17 January 2019 A Chartered Surveyor, he has spent more than 35 years specialising in commercial and residential property investment, development and asset management. Bryan was an equity partner at Donaldsons LLP, a senior director at DTZ and is currently the founder/owner of Henry Duncan, a niche commercial and residential property investor, developer and financier. Bryan also has a wide range of non-executive experience and currently serves as a Non-Executive Director of a number of organisations including Hope for Glasgow Ltd, Cornhill Scotland and the London City Mission. Bryan holds an Executive MBA and Diploma in Management Studies. Group Boards and Committees Group Remuneration, Appointments, Appraisals and Governance Committee City Building (Glasgow) LLP (Wheatley appointee) Wheatley Developments Scotland (Chair)

DIRECTORS' REPORT (continued)



Iain Macaulay Subsidiary Chair Director

Appointment 25 September 2024

Iain is a former finance and projects partner at Pinsent Masons LLP. Iain has over 30 years' experience as a lawyer advising on all aspects of finance and has been recognised over many years as an expert by the relevant Legal Directories.

Iain's breadth of experience includes acting as a principal advisor to a range of institutions (including Direct Line plc, Halifax plc, Royal Bank of Scotland plc). More recently Iain was extensively involved in energy transition projects including solar, combined heat and power and windfarm financings and has also worked extensively on the expansion and funding of smart metering portfolios.

Group Boards and Committees

Wheatley Group Capital PLC (Non-Executive Director)
Wheatley Funding No1 Limited (Non-Executive Director)
Wheatley Funding No2 Limited (Non-Executive Director)
Group Audit Committee
Loretto Housing Association (Chair)



Bernadette Hewitt Non-Executive Director

Appointment 25 October 2016

Bernadette has a wide range of governance, community development and Non-Executive experience across a range of private, regulated and not-for-profit organisations.

A passionate advocate of community engagement and empowerment, Bernadette previously served as the Vice-Chair of Barmulloch Community Development Company. She is also a former member of the Glasgow Community Planning Partnership Strategic Board. Bernadette is a tenant of Wheatley Homes Glasgow and its former Chair.

Group Boards and Committees

Lowther Homes (Non-Executive Director)
City Building (Glasgow) LLP (Chair and Wheatley appointee)



Manish Joshi Subsidiary Chair Director

Appointment 27 April 2022

Experienced in philanthropic and business sectors as well as experience in strategy, organisational design and governance and stakeholder management, Manish is Professor of Practice for Social Innovation at the University of Strathclyde and previously served as Chief Executive of the University's Student Union. Manish was appointed as a non-executive director of the Scottish Government in 2024.

With a BA (Hons) in Economics, Manish was previously Chief Executive of Network Care and Director of Stakeholder Engagement at Global Call for Climate Action. Manish is currently a trustee of the Scottish Council for Voluntary Organisations (SCVO) and had served as an advisor to both COP26: Stop Climate Chaos Scotland and the European Climate Foundation: Movements Fund.

Group Boards and Committees

Wheatley Solutions (Non-Executive Director)
Lowther Homes (Chair)



Alison McLaughlin Non-Executive Director

Appointment 28 September 2022

Alison has vast experience in senior leadership roles, leading teams through considerable change and business transformation. Throughout her career she has sought to maximise the opportunities presented by change, setting a clear vision and strategy, building and sustaining effective teams and delivering strong financial results.

Alison's success in leading digital transformation led to her being invited to join Scottish Government on a 2-year secondment under the First Minister Digital Fellowship Programme. During her time in government, she brought her commercial and delivery expertise to bear to establish sustainable and scalable digital services and platforms to underpin delivery of Scotland's Digital Strategy.

In 2015, Alison was elected to the board of ScotlandIS, the technology trade body, and was elected as Chair in 2020.

Group Boards and Committees

Wheatley Solutions (Non-Executive Director)
Group Audit Committee

DIRECTORS’ REPORT (continued)

 Alastair Murray Subsidiary Chair Director Appointment 28 September 2022 Alastair is the Chair of Wheatley Homes East and previously served as the Chair of Barony Housing Association. A chartered accountant, Alastair is the Finance Director of Listed Funds at Target Fund Manager, a specialist investment firm focusing on care homes. Prior to this he spent over 17 years in a range of corporate banking roles followed by 12 years in the Not for Profit sector. His roles included Structured Finance and Special Projects in the Bank of Scotland and Finance Director of the Edinburgh International Festival, Inspiring Scotland and George Heriot’s School. Group Boards and Committees Wheatley Homes East (Chair)	 Pamela Paton Co-optee Appointment 20 June 2025 Pamela began her career delivering community-based social care services, supporting individuals and families in developing skills for independent living. She then advanced to become a registered manager for supported accommodation and community support services. Recently, Pamela has led projects redesigning housing services, where she actively engaged tenants and housing staff in the redesign process. She strongly advocates for the use of performance data to drive service improvements, enhance value for money for tenants, and inform evidence-based decision-making Group Boards and Committees Wheatley Homes East
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DIRECTORS’ REPORT (continued)

PREVIOUS APPOINTMENTS

 Eric Gibson Subsidiary Chair Director Appointment 29 September 2021, resignation 24 September 2024 Eric was the Chair of Loretto Housing and Lowther Homes and prior to his appointment to the Wheatley Group Board, Eric was a Non-Executive Director of Cube Housing Association and also served as the Vice Chair of The Wheatley Foundation from its formation in 2016 until 2021. Eric was a career banker and Fellow of the Chartered Institute of Bankers in Scotland, and held various senior management roles with Bank of Scotland and Lloyds Banking Group. During his banking career, Eric worked with SME and corporate customers in a wide variety of sectors. On leaving banking in 2014, Eric established his own advisory business which he ran for three years. He was formerly a Board member at Social Investment Scotland where, in addition to his Board role, he chaired the Credit Risk Committee. Group Boards and Committees Lowther Homes (Chair) Loretto Housing (Chair) Wheatley Group Capital PLC (Non-Executive Director) Wheatley Funding No1 Limited (Non-Executive Director) Wheatley Funding No2 Limited (Non-Executive Director)	 John McCraw Co-optee Appointment 27 September 2023, resignation 20 June 2025 John McCraw was a tenant and Board member of Wheatley Homes South for many years and joined the Board on 27 September 2023. He has recently been Chair of Nithsdale District Management Committee and was a Board member of Wheatley Foundation. Group Boards and Committees Wheatley Homes South (Non-Executive Director)
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DIRECTORS' REPORT (continued)

Attendance at meetings in 2024/25

The Group Board is responsible for the strategic direction of the Group and financial planning.

Name	Group Board	Group Audit Committee	Group Remuneration, Appointments, Appraisals and Governance Committee	Group Strategic Development Committee
Jo Armstrong	8/8	1/1	6/6	3/3
Jo Boaden CBE	7/8	-	-	-
Lindsey Cartwright	8/8	-	-	-
Maureen Dowden	8/8	4/4	6/6	3/3
Bryan Duncan	6/8	-	5/6	3/3
Caroline Gardner CBE	7/8	4/4	5/6	2/3
Bernadette Hewitt	8/8	-	-	-
Manish Joshi	7/8	-	-	-
Alastair Murray	7/8	-	-	-
John McCraw	6/8	-	-	-
Alison McLaughlin	8/8	4/4	-	-
Iain Macaulay	4/4	4/4	-	3/3
Eric Gibson (resigned 24 September 2024)	1/1	-	-	-

Key responsibilities are:

- approval of the Group Strategy;
- approval of the Group Business Plan, budget and any variations and amendments to them, together with other matters which fall within the role of the Group Board;
- approval of the creation of new subsidiaries and partnerships;
- approval of the Group governance arrangements, systems of internal control and delegations and identification of risk;
- defining and ensuring compliance with our values and objectives as a registered social landlord; and
- approval of each year's Group financial statements.

The main activities and approvals of the Group Board during the year were:

- reviewed and refreshed our strategy to 2026;
- approval of the Group Delivery Plan;
- approved the Group Asset Strategy;
- approved five-year Group plans for investment and development;
- oversight of our strategic review of Wheatley Care;
- approved the Group business plan and budget, including comprehensive stress testing of the business plan; and
- oversight of partner financial and operational performance.

DIRECTORS' REPORT (continued)

The Board is supported in discharging its duties by three sub-Committees: Remuneration, Appointments, Appraisal & Governance; Group Audit; and Group Strategic Development.

The role and remit of the Committees are set out below:

Group Audit Committee

The Committee is made up of up to seven Board members from the Group.

The Committee is responsible for:

- reviewing the Group's system of internal control, compliance assurance and risk management;
- providing an overview of the internal and external audit functions;
- scrutinising the financial statements;
- appointing and agreeing the remuneration of the external auditor;
- reviewing internal audit reports and external audit reports and management letters, and monitoring the implementation of audit recommendations arising therefrom;
- reviewing the internal audit plan and scope of work; and
- reviewing the effectiveness of the overall risk strategy.

The main activities of the Group Audit Committee during the year were:

- reviewed the Group Audit Committee self-assessment results 2024/25;
- oversight of the 2024/25 financial statements;
- reviewed key accounting judgements and estimates;
- reviewed the outcome of the Internal Audit Quality Assessment and agreed to complete an external quality assessment;
- reviewed the Group's cyber security arrangements;
- reviewed the annual anti-fraud, bribery and corruption report;
- approved the rolling Internal Audit plan;
- reviewed the Group's strategic risk register and making recommendations to the Board on changes to risk profile and mitigations;
- scrutinised the Group's fire safety arrangements, ongoing fire risk assessment programme and accidental dwelling fire incidents.

The Committee reports to the Group Board via its Chair.

DIRECTORS' REPORT (continued)

Group Remuneration, Appointments, Appraisals and Governance Committee

The Committee is made up of up to five members inclusive of the Group Chair and the Chairs of Wheatley Homes Glasgow, the Group Audit Committee and of Wheatley Developments Scotland Limited.

It is responsible for:

- approving the process for recruitment, selection, succession planning and appraisal of Board members;
- ensuring Board members within the Group have the necessary balance of skills and experience to fulfil their roles;
- evaluating and review of Group's governance framework;
- making recommendations to the Group Board regarding the appointment and remuneration of the Group Chief Executive and Group Board Directors; and
- succession planning arrangements across the Group.

The main activities of the Remuneration, Appointments, Appraisals and Governance Committee during the year were:

- Oversight of the Group's Board member recruitment and approval of all appointments to subsidiary Boards;
- Oversight of the People Services activities undertaken throughout the year;
- Reviewed the remuneration and conditions of the Group Chief Executive;
- Reviewed the Group Board member remuneration policy and recommended it for approval by the Group Board; and
- Reviewed the Group Board member Code of Conduct and Board member expenses policy and recommended their approval by the Group Board.

The Committee reports to the Group Board via its Chair.

Group Strategic Development Committee

The Committee is made up of up to seven members of the Group Board. It is responsible for reviewing any new major strategic projects and initiatives on behalf of the Group Board.

The Board delegated one matter to the Committee during the year.

The main activity of the Group Strategic Development Committee was to review a new Group Funding Strategy.

DIRECTORS' REPORT (continued)

The Executive Team provides day to day leadership of the Group and are responsible for the implementation of the strategic direction and financial planning on behalf of the Board.



Steven Henderson
Group Chief Executive

Steven Henderson joined Wheatley Group as Director of Finance in 2013 from the European Investment Bank (EIB). He is a Chartered Member of the Chartered Institute of Housing and a Chartered Accountant. He is also a member of Business in the Community Scotland's Leadership Board and Chair of its Scotland Place Steering Group.

Steven has specialised in housing and regeneration throughout his career. At the EIB, the EU's non-profit development bank, he was responsible for investment of £250 million of European Union Structural Funds, as well as lending activity for the bank in the UK social housing, regeneration, climate change and sustainability sectors. Prior to that, he worked in advisory roles supporting the work of numerous housing providers and projects in the UK and internationally.

During his time at Wheatley, the Group has raised more than £1.2 billion of private and public finance, which has helped fund multi-million pound investment programmes in existing homes and one of the UK's most ambitious house-building programmes.

Under his leadership, Wheatley is also 'Making Homes and Lives Better' for customers across 19 local authority areas in Scotland through the work of the award-winning Wheatley Foundation and Wheatley Care.



Anthony Allison
Group Director of Governance and Business Solutions

Anthony has worked with Wheatley Group since 2008 and has held senior leadership roles in governance, policy, strategy and regulatory engagement.

Prior to joining the Group he worked for the UK civil service in a variety of operational management roles. Anthony was appointed to the Executive Team in September 2022 and his remit covers a range of corporate services, including governance, strategy and performance, policy, IT and digital services, and procurement.

Anthony holds a BA in Business Studies as well as an MBA from The University of Glasgow.



Frank McCafferty
Group Director of Assets & Development

Frank joined Wheatley Group in March 2022 from South Lanarkshire Council where he was Head of Property Services.

Frank, a qualified Chartered Surveyor, has more than 30 years' experience in the construction, property-management and asset-management industry across both the public and private sectors.

Frank is responsible for driving key regeneration projects and implementing the asset strategy.

DIRECTORS’ REPORT (continued)

 Laura Pluck Group Director of Communities Laura has more than 20 years’ experience working in the social care sector in a range of operational and strategic roles. She was previously Managing Director of Wheatley Care. Laura has a BA Honours in Social Policy from Paisley University and holds a number of professional care qualifications. She has significant experience in leadership, performance and quality improvement, as well as regulatory compliance.	 Pauline Turnock Group Director of Finance Pauline has worked for Wheatley Group since 2009 in a number of senior financial roles prior to being appointed Group Director of Finance. She has over 30 years’ experience in strategic financial management, commercial management and financial planning gained across a range of sectors, including large private companies and a Scottish plc. Pauline started her career with PwC where she qualified as a Chartered Accountant.
 Alan Glasgow Group Director of Housing Alan is a highly experienced housing leader having spent more than 30 years in the housing sector, having started his career at Glasgow City Council. He was previously the Managing Director of Wheatley Homes South and prior to that held senior leadership positions at Wheatley’s social landlords in the West and East. Alan is at the forefront of delivering a responsive repairs service and working with the teams to foster collaboration to deliver customer satisfaction.	

DIRECTORS' REPORT (continued)

STATEMENT ON INTERNAL FINANCIAL CONTROL

1. Corporate Governance Statement

The Group complies with the Regulatory Standards of Governance and Financial Management issued by the Scottish Housing Regulator. In accordance with the UK Listing Authority's Listing Rule 17, details of the administrative, management and supervisory bodies which govern the Group, including Wheatley Group Capital plc, are set out on pages 33 to 42.

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

2. Background and responsibility

The system of internal financial controls is designed to manage risk to a reasonable level agreed by the Board (which is managed to within agreed levels of risk appetite) 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 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.

3. Overview of main features of the system of Internal Financial Control

The Board of Wheatley Housing Group is responsible for ensuring that an effective system of internal financial control is maintained within all members of the Group. This system of internal financial 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 financial control are as follows:

- Corporate Governance arrangements as outlined in the Corporate Governance Statement;
- regular meetings of the Board, and Subsidiary Boards, which have a schedule of matters that are specifically reserved for approval and 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 oversee arrangements for provision of reasonable assurance that control procedures are in place and are being followed;

DIRECTORS' REPORT (continued)

- written policies and procedures including Standing Orders setting out delegated authorities across Group Subsidiaries;
- 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 Audit Plan which produces an annual Internal Audit Report and Opinion;
- adoption of a risk-based approach to internal control through evaluating the likelihood and impact of identified corporate risks, vesting responsibility for risk management and internal control with designated owners and with an ongoing process of monitoring and reporting progress against the company's key risks established through the corporate risk management framework;
- a 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.

4. Role of Internal Audit

The Group Audit Committee oversees the Internal Audit function which has a pivotal role in assessing the Group's internal financial controls. Internal Audit reviews are directed by the Group Audit Committee using a risk-based approach to assess the robustness of the implementation of the Group's governance, risk and control framework.

Internal Audit assesses the adequacy and effectiveness of the controls in place within the governance, risk and control framework the Group has adopted, and makes recommendations where improvement opportunities are identified. Management across the Group is responsible for the implementation of agreed improvement actions identified from Internal Audit activity.

In line with good practice, Internal Audit provides the Group Audit Committee and the Board with an Annual Internal Audit Opinion which summarises all the work completed during the year. The overall Internal Audit opinion provided in the 2024/25 statement is detailed below:

“Based on our Group-wide work undertaken in 2024/25 a substantial level of assurance can be given that the Group's governance, risk and control framework is designed to support achievement of relevant organisational objectives and operating effectively, within the Group's risk appetite. However, some weaknesses in the design or consistent application of controls remain and there were a small number of risks in the Strategic Risk Register that were out with risk appetite. In particular there continues to be joint working between the Wheatley Housing Group and Glasgow City Council Chief Executives to improve governance and compliance controls within City Building Glasgow.

DIRECTORS' REPORT (continued)

Management has agreed to the improvements to the Group wide control environment arising from our annual work and the progress of implementing these additional controls will be reported to the Group Audit Committee.”

5. Risk and Control Framework

Wheatley Housing Group recognises the importance of effective identification, evaluation and management of all key strategic and operational risks. The Scottish Housing Regulator's Regulatory Standards include the following requirement.

“The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.”

Risk management is a key element of the Group's overarching governance arrangements as it demonstrates that the Group has considered those areas which put the achievement of its strategic objectives under threat, that it has analysed the consequences of things going wrong and identified the actions and controls needed to prevent or limit these consequences, in accordance with agreed levels of risk appetite.

As the parent company, Wheatley Housing Group oversees the governance arrangements to address the risks associated with control of activities, and managing the risks, of all subsidiaries; to ensure that there is an appropriate use of funds across the Group; to ensure that risks to the core business of the Group are managed and mitigated to within risk appetite and that strong governance arrangements are upheld by all subsidiaries to protect the reputation of the Group.

Risk management within the Group is designed to identify and mitigate risks to the achievement of the Group's Strategic Plans. Risks in relation to delivery of strategic outcomes are captured at a strategic Group level, Subsidiary Board level and at a local management team level, with an established escalation method in place.

Roles and Responsibilities

Risk Management is the responsibility of everyone in the organisation, whether or not they have a formally defined role in the process. To ensure the successful implementation of the Risk Management Policy, clear roles and responsibilities for the Risk Management process have been established. The Board has overall responsibility for ensuring the effectiveness of this framework. The Board also agrees risk appetite levels that are embedded within the Group's risk profile and used to determine the Group's approach to managing risk.

The Executive Team facilitates the Risk Management processes. Its role is to ensure compliance with the Risk Management Policy, including monitoring of the Group's risk profile to ensure it is kept up to date, new and emerging risks are identified, and risk scores are challenged.

DIRECTORS' REPORT (continued)

Risk Management forms an integral part of the culture and the way the Group is run. Risk Management is incorporated and embedded into business plans across the organisation (e.g. service improvement plans, project plans, team plans, individual plans). In this way, Risk Management is not the responsibility of senior management alone, but more appropriately the responsibility of all colleagues.

Principal risks facing the Group

The most significant financial and operational risks facing the Group and key mitigations are summarised below:

Risk	Mitigation
Delayed recovery in the event of a cyber attack	• Cyber response plans integrate business response planning and are regularly tested • Business continuity plans integrate disaster recovery and cyber response plans and activities • Disaster recovery activities are clearly documented and plans across core services are invoked annually • Disaster recovery tasks completed include post-implementation reviews and lessons learned • Disaster recovery workplan agreed annually and reviewed quarterly • Business continuity workshops performed annually • NCC incident response reviews are conducted annually
Disruption following a cyber attack on a key system provider	• Procurement procedures require potential suppliers to confirm compliance with the Group's security requirements • Cyber Non-Functional Requirements have been drafted for SAAS and on-premises services • A SAAS register of services that have completed Vendor Security Assessments (VSA) is maintained • Business owners are required to review supplier contract performance, including annual review of VSAs and Data Privacy Impact Assessments • Contracts and VSA record data breach notification processes, vendor performed security testing and disaster recovery approach and testing • Detailed supply chain cyber guidance is published and integrated with Procurement policies and guidance
Radio Teleswitch Service (RTS) switch off	• Engagement with SFHA, OFGEM, Scottish and UK Government and energy companies including participation in the OFGEN and Energy UK (the energy industry trade body) events • Participation in the RTS Consumer Engagement Group monthly meetings • Data Sharing agreement in place with Scottish Power, enabling us to contact affected RTS customers and encourage them arrange to switch via our Connected Response programme. • Communications campaign to encourage customers to respond to Scottish Power communications • Staff awareness campaign • Internal project team formed to monitor progress with switching and coordinate the control activities
Reduced availability of financial support from Scottish Government and / or local government	• Regular engagement with Scottish Government representatives to proactively present the case for housing investment directly and through our representative bodies • Participating in the Scottish Government review of grant availability • Pathway to Net Zero Group draws on independent expertise to support evolution of plans in this area • Provision in the Business plan tested against the Asset Strategy to ensure sufficient provision within the Plan • Financial planning sensitivities undertaken to understand the potential impact under a variety of grant scenarios • Actively pursue external funding opportunities including those with the Scottish Government to support our investment in energy efficiency works

DIRECTORS' REPORT (continued)

Principal risks facing the Group (continued)

Risk	Mitigation
Financial viability of Care Services	- Care Business Framework, which includes triggers to flag concerns and associated actions - Scrutiny and monitoring of monthly finance reports at performance meetings and finance meetings - Care viability matrix in place - Strategic priorities linked to growth and maintenance, and operational growth plans target income maximisation - Care business planning process allows for the management of costs, maximisation of income and assessment of financial implications across a variety of scenarios and stress tests - Target for reserves in place and reported quarterly to the Care Board
Climate change impact on Group customers, assets and services	- Business continuity plans (both at Group and local level) provide for operational responses to extreme weather events such as flooding and severe winter snow - Group works in line with National Planning requirements, including the use of SEPA flood risk maps to assess New Build locations - Asset Strategy will ensure future investment maintains and improves condition of our asset including to mitigate any climate change related risks
Impact on our customers of reduced public funding	- Monthly performance meetings, reviewing project activity/demand against available budget - Monitoring of business information from across Group to identify emerging customer/community issues - Regular liaison meetings with stakeholders and funders - Monthly "External Funding Opportunities" meeting for The Wheatley Foundation - Development of ALISS to signpost customer to additional support
Laws and regulations	- Group-wide annual assurance review carried out against the Scottish Housing Regulators (SHR) regulatory framework, as well as the Care and Lowther regulatory frameworks to help ensure we meet the requirements of the SHR, OSCR, Care Inspectorate and other regulatory entities - Standing Orders/Scheme of delegation set out roles and responsibilities in relation to key legislative and regulatory requirements - Group has on-going relationship management with the SHR. Changes to existing legislation are identified and implemented by identified responsible officers across the Group - Group wide approach to the management of information. Privacy Impact Statements implemented across the Group - Legislative compliance maps are in place for all teams, documenting key legislative requirements and the detective controls that have been put in place to confirm ongoing compliance
Staff behaviour enables a cyber attack	- Mandatory, annual training for all staff provided by specialist cyber training providers - SIEM technical logging approaches include behavioural analysis metrics with alerts generated leading to actions including account suspension and remediation - Cyber behavioural metrics reviewed to inform training and communications - Phishing campaigns inform additional behavioural insight to cyber risks and incidents - Routine testing of the external environment is provided by the Group's security consultants - Group tenancy includes 'user risk scoring' to identify accounts with higher risk of compromise or low security behaviours with alerts monitored 24 hours per day via SIEM service provider and infrastructure team - Security Forum review of training/phishing/SIEM (account attack) activity
Compliance with funders' requirements	- Regular meetings with funders and investors representatives to update on financial status of the Group - Financial performance monitored monthly and reported to Group and Subsidiary Boards - Quarterly covenant compliance monitored by the Group Board - Subsidiary and Group Business Plans are subject to annual updates and review by respective Boards - Additional protection via 'Golden Rules' to produce forward-looking monitoring with headroom against loan covenants. Golden Rules subject to annual board approval, with performance monitored quarterly and any anticipated breaches, requiring board approval - Ongoing dialogue with credit rating agencies

DIRECTORS' REPORT (continued)

Principal risks facing the Group (continued)

Risk	Mitigation
Repairs supply chain disruption	- Utilisation of Group and 3rd party frameworks to minimise price increase risk - Procurement system and procedures include assessment of suppliers' financial health - Active use of Contract Management System which contains system generated alerts to flag risk - Engagement with key suppliers and stock levels managed including, where possible, advance purchase of components and material - Specific contingency plans for key services - Identified lead for Repairs monitors supply chain materials contract - In the event of supplier insolvency, procurement frameworks / approved supplier listings would be used to identify alternative suppliers
Securing new funding and adverse market changes	- Strong levels of headroom maintained to provide sufficient cash resources with compliance reported to Group Board - Liquidity Golden Rule in place designed to ensure that we have sufficient cash available and this rule is re-assessed annually by the Group Board - Diversification of funding sources to provide options for future funding - Sterling borrowing only, no foreign currency exposure - Group Internal Rate of Return reviewed regularly to ensure projects are profitable - Annual ESG reporting in place - Sustainability Financing Framework in place - Treasury Management Policy agreed by Group Board
Political and Policy changes impact on strategic key partnerships	- Established national approach to stakeholder management led by the Executive Team and Communications Team - Ongoing engagement with senior officials and policy leads within the Scottish Government and key Local Authority partners. We are also part of national policy working groups and actively look for opportunities to engage with key politicians - Annual MSP survey carried out to track progress, with plan put in place to address negative comments - Strategic Agreements in place with GCC and DGC - Partnership agreements in place with WLC (in respect of a shared understanding amongst WLC and other RSLs in relation to new build housing development) and work closely with CEC - Board workshops on key policy areas, including annual strategy workshops and standalone Board/CPD events where required. The Group's policy of not building homes for sale also mitigates potential property market risk - At a community level, good stakeholder and partnership relations, including with elected members, are carried out by Executive Team, Managing Directors, Locality Housing Directors and the Director of Communications and Marketing. We actively look for opportunities to engage with key politicians to promote partnership working and projects highlighting the work of the Group and subsidiaries in 'Making Homes and Lives Better'
Underperformance of main delivery partner	- Partners prepare rolling five-year business plans informed by workload information provided by both Members to inform partners resource and labour planning - Investment plans are routinely monitored in respect of delivery and reports are considered monthly on the delivery status of the annual programme - Performance service delivery is routinely monitored between operational delivery and management teams with staff co-located to ensure that this is achieved - Service levels and efficiency are measured against agreed targets and where issues are identified as part of this monitoring, improvement actions are then agreed and their effect monitored
Non achievement of sustainability targets	- We have detailed asset information and baseline data, and our asset strategy includes an assessment of the likely requirements of the new Social Housing Net Zero Standard which is currently being consulted on by Scottish Government - Secured funding from the Scottish Government to invest in properties through bids to the SHNZ (Social Housing Net Zero Fund) - Targets to reduce emissions from our homes are monitored and reported each year - Progress towards our aim of being carbon neutral is assessed independently and reported each year - Group's ethos is that demolition is not a preferred option, although we will explore this if following assessment this is found to be the best option including in terms of sustainability impact - Produce an annual ESG report for investors setting out our progress on the environmental agenda and have produced a sustainability framework for investors to support the raising of sustainability-linked finance - In addition to ESG reporting, increased public messaging around our work in relation to climate change is ongoing and we have developed and are implementing a group sustainability strategy

DIRECTORS' REPORT (continued)

Principal risks facing the Group (continued)

Risk	Mitigation
Ability to meet Scottish Government legislative requirements for energy efficiency	- Group's Business Plan considers external regulations and environment - Group Asset Strategy and subsidiary strategic asset investment plans developed to clearly articulate investment need and priorities and ensure our available investment is focused where it has greatest impact - Funding considerations are re-assessed annually and inform the rent proposals - Business plan reviewed against a variety of assumptions including those around funding and investment in existing homes and environments. and with stress testing of these assumptions.
Fire Event	- Fire Prevention and Mitigation Framework, including our approach to high rise block inspections and Livingwell - Fire Risk Assessments are completed on a rolling cycle and include assessment of Wilful Fire Raising - Person Centred Risk Assessments (Home Fire Safety Visits) undertaken by Fire Safety Officers where vulnerable customers identified. Daily, weekly and monthly inspections of high-rise domestic premises maintained by Environmental Teams in between Fire Risk Assessments being completed - Statutory maintenance of Domestic Properties undertaken to include Gas Safety Installations, Electrical Installations and the provision of Heat and Smoke Detection. New Build properties are built with Water Suppression Systems as per new Building Standards requirements - Fire Working Group attended by Senior Management Teams every two months that feeds into a Group Executive Fire Liaison Meeting chaired by Executive Lead and attended by Leadership Directors to review performance, emerging issues and escalate matters as required - Compliance Steering Group established to monitor and review compliance events that could contribute to risk of fire e.g. Gas Safety, Electrical Safety
Monitoring Health & Safety arrangements	- Programme of H&S audits and inspections undertaken by the Wheatley Group H&S Team, covering all work locations - Audit/ inspection reports and actions are issued to responsible managers, and completion of these actions within allocated timescales is monitored by H&S - Progress and outcomes arising from this programme are reported to operational and strategic H&S meetings, as well as being reported to the Executive Team
Care and support services	- At least three yearly cyclical reviews of care operational policy and procedure - Annual Self-Assurance demonstrating, through evidence gathering, compliance with legislation, regulation and operational policy - Monthly performance monitoring to ensure incidents are being recorded in-line with the Care OSM and escalated as directed within policy and protocol - Care and support services governance arrangements, including the authorising environment, are clear and have been approved, including the Care Business Framework - Customer sentiment surveys are deployed annually to seek formal feedback on customer satisfaction with the service they receive - The Care Inspectorate, in the main, conduct inspections either annually or ever 2 years producing reports that evidence outcomes from inspection - The Protecting People Policy Framework sets out arrangements for protecting the people we work for, including those considered to be vulnerable - Mandatory and service specific training is in place for staff - Business Continuity Plan and local Service Contingency Plans are in place - Care Strategic Review Project proposes improvements to data gathering that enhances reputation and credibility, with a sound evidence base
Business continuity	- Business Continuity Plans are in place across all business areas with the Business Continuity Steering Group overseeing the collating, reviewing and designing of the Group's Business Continuity Plans - Business Continuity Framework and Business Continuity Policy are embedded across the Group and in all business areas - Regular testing and exercising of the Business Continuity Plans - Winter Readiness Plans have been developed to ensure there is a collaborative approach to business interruption across this period where we may experience more adverse weather - Crisis Management Plan remains in place and is reviewed every year in line with our Winter Readiness Plans

DIRECTORS' REPORT (continued)

Principal risks facing the Group (continued)

Risk	Mitigation
Senior staff recruitment	• HR policies on recruitment and selection • Leadership Development Programme to attract new talent to the Group • Use of specialist recruitment agencies and targeted advertising to attract skilled staff • Benchmarking of salaries/benefits offered to ensure these remain sector leading/competitive
Staff development and succession planning	• Career Pathways provide opportunities to develop and expand on knowledge and experience • MyAppraisal process for all staff and integrated with MyAcademy • Training records for all staff and training courses at the Academy • Leadership Development Programme, succession planning, talent management programme and specific programmes to support the succession of Executive and senior leadership roles • IGNITE graduate training programme and Bursary Programme
Damp and Mould	• Group damp and mould policy in place supported by detailed procedures • Agreed timescales for rectification work when damp and mould is reported and follow up post completion • Staff, experienced in mould and damp recruited, arrangements also in place for specialist external support to this service • Trade staff trained on the management of condensation within the home. All frontline staff trained on identification and accurate diagnosis of damp and mould issues • Annual visits to all properties as part of a technical compliance programme • No Access Policy updated to address rectification of damp and mould where access is refused • Employ technological solutions to treat mould where appropriate e.g. misting machines
Fire safety	• Group Fire Safety Team focused on identification of fire prevention actions • Fire Working Group reports into Executive Team Lead • Bi-annual reporting of implementation actions to Group Audit Committee • Fire Prevention and Mitigation Framework in place including our approach to high rise block inspections and Livingwell properties. • Daily, weekly and monthly inspections of high-rise domestic premises maintained by environmental teams in between Fire Risk Assessments • Compliance and investment programmes in place to meet building safety regulations and best practice guidance
Group Credit Rating	• Group's business plan based on maintaining a strong standalone credit rating • Our financial Golden Rules include maintaining strong levels of liquidity to mitigate refinance risks • Ongoing dialogue maintained with credit rating agencies enabling pre-emptive actions to be taken where required to avoid unexpected rating changes • Mitigation drafting used in legal clauses avoiding cross default and negotiation period on mitigation measures included in legal clauses • Maintenance of strong relationships with alternative funders
Customer Satisfaction (tenants)	• Variety of methods used to collect customer feedback helps us understand customer views and informs our delivery and investment plans every year • Performance management framework includes a stronger focus on measuring drivers of customer value in our key services • Small housing officer patch sizes to help deliver personalised services • Communications plans used to keep customers informed of key service information and manage expectations
Rent arrears management	• Ongoing Rent Matters campaigns and programmes of contact with customers affected by financial hardship • Dedicated Universal Credit team • Working with partners to influence UK and Scottish policy and funding environment • Small housing patch sizes allow staff to work proactively with customers to avoid arrears • Accessible online service portal • Support available from Wheatley 360 welfare benefits advisors • Group business plan contains sufficient headroom to mitigate the financial impact in relation to risk of increased bad debts and rent arrears

DIRECTORS’ REPORT (continued)

Principal risks facing the Group (continued)

Risk	Mitigation
Governance structure	• Annual assurance review and Annual Assurance Statement completed each year and reviewed by the Assurance Team and by external consultants every three-years • Formal succession planning for Board members is in place • Governance arrangements regularly reviewed by the SHR, external consultants, internal and external audit functions • Board induction and CPD programme for Board members • Horizon-scanning of changes to corporate governance aspects of the Group’s regulatory world and the potential impact on the Group’s structure
Commercial operations	• Robust monitoring arrangements in place to appraise the operational performance and delivery of strategic objectives • Responsibility and accountability allocated at an appropriate level within the organisation and reported regularly to senior management and Board
New Build contractor non-compliance with Building Standards	• Clerk of Works monitoring quality of construction • Employers Agent employed to manage the construction contract • Proactive contract management and regular contractor engagement • Suppliers selected from procurement framework

DIRECTORS' REPORT (continued)

Other matters:

Board's Statement on Section 172 of the Companies Act 2006

The Directors act in a way they consider, in good faith, would be most likely to promote the success of the Company and the Group for the benefit of its members as a whole. Key decisions and matters of strategic importance are considered and informed by the requirements of section 172. The Strategic Report on pages 8 to 31 sets out how we delivered activity on behalf of our stakeholders in line with our Group strategy during the year.

The Group exists for the benefit of its key stakeholders, the customers we serve and the People We Work For in our care businesses. The interests of our stakeholders are understood through an open and transparent dialogue conducted through a variety of channels, such as:

- feedback obtained through multiple routes including tenant satisfaction surveys;
- our tenant engagement framework "Stronger Voices" where over 1,520 customers are registered to provide their views on the development of our services;
- tenants are represented on all RSL Boards. Across the Group 28% of our board members are tenants;
- the use of tenant focus groups to inform rent proposals and formal consultation with all tenants on rent increase proposals;
- social media and online engagement;
- annual visits to all customers by Housing Officers;
- publication of regular tenant newsletters and annual report to tenants;
- our Tenant Scrutiny Panel review performance of the organisation under the Scottish Housing Charter; and
- during the year we have engaged tenants as we develop the key themes and objectives for our 2026-31 strategy.

The Group's employees are key to delivering the objectives of the organisation; they represent the business externally and maintain the reputation of the Group with our stakeholders. The Group operates a policy of providing employees with information about the Group through formal recognition of a number of trade unions as well as internal media methods in which employees are encouraged to present their suggestions and views on the Group's performance. Employees participate in regular discussions with their line managers as part of the Group's commitment to ensuring all staff are aware of their role in the Group's achievement of its five strategic objectives under the banner of "My Appraisal". Regular meetings are also held between management and employees to allow a free flow of information and ideas and staff are involved in the development of the new 2026-31 strategy.

In setting the strategy and through the preparation of the 30-year business plan, the Directors consider the likely consequences of decisions in the long term and ensure that the business continues to be financially viable and is able to meet all current and future financial commitments to its lenders.

The impact the Group has on its neighbourhood and the environment is a key element in the Group's purpose. More details of the Group's aims are set out in the Group's Statement on Environmental, Social and Governance.

DIRECTORS' REPORT (continued)

Employees

Details of the Group's approach to employee engagement are provided in the section 172 statement. Where appropriate, many employees work through a hybrid working model, using our Centres of Excellence as places to meet colleagues and share ideas. Technology solutions and remote working tools support the hybrid model giving employees flexibility and other benefits whilst creating opportunities for collaborative working in our new Centres of Excellence.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by disabled persons. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Going concern

After making enquiries, including the update of the Group 30-year financial projections, the Group Board has a reasonable expectation that the Wheatley Housing Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis continues to be adopted in the preparation of the Group's financial statements. More details of the Board's assessment of going concern are included in note 2 to the financial statements.

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.

Independent Auditor

A resolution to re-appoint KPMG LLP as auditor will be proposed at the forthcoming annual general meeting.

Future Developments

The Strategic Report sets out future strategic objectives. The Group's five-year strategy 'Your Home, Your Community, Your Future' was launched in 2021.

DIRECTORS' REPORT (continued)

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

The directors are responsible for preparing the Strategic Report, 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 Group and parent company and of the surplus or deficit 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 and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent 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 Group and parent 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 Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006, Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements Order 2024. 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 Group and parent company and to prevent and detect fraud and other irregularities.

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

On behalf of the Board



Jo Armstrong, Chair
22 September 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOUSING GROUP LIMITED

Opinion

We have audited the financial statements of Wheatley Housing Group Limited ("the Company") for the year ended 31 March 2025 which comprise the Group Statement of Comprehensive Income, Company Statement of Comprehensive Income, Group Statement of Changes in Reserves, Company Statement of Changes in Reserves, Group Statement of Financial Position, Company Statement of Financial Position, Group Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2025 and of the Group's surplus and the result of the parent Company for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including 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, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024.

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 Group 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 Group or the Company or to cease their operations, and as they have concluded that the Group's and 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 their 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 Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the 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 Group or 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 Group or the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOUSING GROUP LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors and management as to the Group’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.

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

As required by auditing standards, 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.

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

We also performed procedures including:

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

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the 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 Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and registered social landlord legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group 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 HOUSING GROUP LIMITED (continued)

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

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

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

Other information

The directors are responsible for the other information, which comprises the Chair's report, the Chief Executive's report, the Strategic report and the Directors' report. 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 other information;
- in our opinion the information given in the Chair's report, the Chief Executive's report, the Strategic report and the Directors' report 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.

We are also required to report to you if:

- in our opinion, the Statement on Internal Financial Control on page 43 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Note issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHEATLEY HOUSING GROUP LIMITED (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 54, 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 Group and parent 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 Group or the parent 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, and section 69 of the Housing (Scotland) Act 2010. 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
319 St Vincent Street
Glasgow
G2 5AS

23 September 2025

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

	Notes	2025 £000	2024 £000
Turnover	3	516,843	412,577
Operating expenditure	3	(366,148)	(348,277)
Other gains	9	10,697	9,872
Operating surplus		161,392	74,172
Share of profit in joint venture		300	-
Gain on disposal of fixed assets	10	1,192	926
Finance income	11	1,140	861
Finance charges	12	(77,777)	(72,282)
Movement in fair value of financial instruments	13	1,500	3,689
Surplus on ordinary activities before taxation		87,747	7,366
Taxation credit/ (charge)	14	947	(2,762)
Surplus for the financial year		88,694	4,604
Unrealised surplus on the valuation of housing properties		46,831	238,430
Unrealised surplus/ (deficit) on the valuation of other fixed assets		541	(1,300)
Actuarial gain/ (loss) in respect of pension schemes		7,281	(5,701)
Total comprehensive income for the year		143,347	236,033

All amounts relate to continuing operations.

The notes on pages 65 to 101 form part of these financial statements.

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

	Notes	2025 £000	2024 £000
Turnover	3	265	245
Operating expenditure	3	(265)	(245)
Operating surplus		-	-
Finance income		-	-
Finance charges		-	-
Surplus on ordinary activities before taxation		-	-
Taxation		-	-
Surplus for the financial year		-	-
Total comprehensive income for the year		-	-

All amounts relate to continuing operations.

The notes on pages 65 to 101 form part of these financial statements.

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

	Revenue Reserve £000	Revaluation Reserve £000	Total Reserves £000
Balance at 1 April 2023	721,393	516,239	1,237,632
Total comprehensive income for the year	236,033	-	236,033
Transfer of reserves for the revaluation of housing properties	(238,430)	238,430	-
Transfer of reserves for the revaluation of other fixed assets	1,300	(1,300)	-
Balance at 31 March 2024	720,296	753,369	1,473,665
Total comprehensive income for the year	143,347	-	143,347
Transfer of reserves for the revaluation of housing properties	(46,831)	46,831	-
Transfer of reserves for the revaluation of other fixed assets	(541)	541	-
Balance at 31 March 2025	816,271	800,741	1,617,012

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

	Total Reserves £000
Balance at 1 April 2023	-
Result for the financial year	-
Balance at 31 March 2024	-
Result for the financial year	-
Balance at 31 March 2025	-

The notes on pages 65 to 101 form part of these financial statements.

Wheatley Housing Group Limited
Directors' Report and Consolidated Financial Statements
Year ended 31 March 2025

GROUP STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2025

	<i>Notes</i>	2025 £000	2024 £000
Fixed assets			
Social housing properties	17	3,062,066	2,935,892
Other tangible fixed assets	18	87,933	78,829
Investment property	19	386,255	309,971
Investment in joint venture	19	416	116
		<u>3,536,670</u>	<u>3,324,808</u>
Current assets			
Stock	20	2,278	1,926
Trade and other debtors	21	45,959	49,543
Cash and cash equivalents		<u>36,299</u>	<u>36,305</u>
		84,536	87,774
Creditors: amounts falling due within one year	22	(212,829)	(212,407)
Net current liabilities		<u>(128,293)</u>	<u>(124,633)</u>
Total assets less current liabilities		3,408,377	3,200,175
Creditors: amounts falling due after more than one year	23	(1,773,745)	(1,706,426)
		1,634,632	1,493,749
Provisions for liabilities			
Pension liability	26	(7,114)	(8,405)
Provision for other liabilities	24	(10,506)	(11,679)
Total net assets		<u>1,617,012</u>	<u>1,473,665</u>
Reserves			
Share capital	25	-	-
Revenue reserve		816,271	720,296
Revaluation reserve		800,741	753,369
Total reserves		<u>1,617,012</u>	<u>1,473,665</u>

These financial statements on pages 59 to 101 were approved by the Board on 27 August 2025 and were signed on its behalf on 22 September 2025 by:

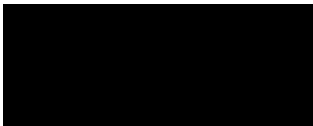
Jo Armstrong
Chair

The notes on pages 65 to 101 form part of these financial statements.
Company registration number SC426094.

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2025

	<i>Notes</i>	2025 £000	2024 £000
Trade and other debtors		-	-
Cash and cash equivalents		-	-
		-	-
Creditors: amounts falling due within one year		-	-
		-	-
Net current assets		-	-
		-	-
Total assets less current liabilities		-	-
		-	-
Total net assets		-	-
		-	-
Reserves			
Share capital	25	-	-
		-	-
Total reserves		-	-
		-	-

These financial statements were approved by the Board on 27 August 2025 and were signed on its behalf on 22 September 2025 by:



Jo Armstrong
Chair

The notes on pages 65 to 101 form part of these financial statements.

Company registration number SC426094.

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	<i>Notes</i>	2025 £000	2024 £000
Net cash generated from operating activities	28	155,778	160,932
Cash flow from investing activities			
Improvement of properties		(81,308)	(76,769)
Acquisition of properties		(1,715)	(1,094)
Construction of new properties		(160,445)	(141,259)
Purchase of other fixed assets		(20,249)	(18,873)
Proceeds from sale of properties	10	2,559	2,523
Grants received	23	69,898	77,221
Grants repaid		(354)	-
Finance income	11	1,140	765
		(190,474)	(157,486)
Cash flow from financing activities			
Finance charges		(73,727)	(69,830)
Bank loan drawn down		248,818	115,000
Repayments of bank loans		(140,003)	(51,775)
Taxation		(398)	(192)
		34,690	(6,797)
Net change in cash and cash equivalents		(6)	(3,351)
Cash and cash equivalents at 1 April		36,305	39,656
Cash and cash equivalents at 31 March		36,299	36,305
Cash and cash equivalents at 31 March			
Cash		36,299	36,305

The notes on pages 65 to 101 form part of these financial statements.

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

1. Legal status

Wheatley Housing Group Limited ("Wheatley", "Wheatley Group" or "the Company") is a limited company incorporated in Scotland under the Companies Act 2006. It is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The Company and its subsidiaries are referred to as "the Group". The Group's subsidiaries include housing associations, incorporated entities and charities. The principal activity of the Group is the provision of social housing and associated housing management services. The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

2. Accounting policies

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

Basis of accounting

The financial statements of the Group and the Company are prepared in accordance with the Companies Act 2006, applicable accounting standards, the accounting requirements included within the Determination of Accounting Requirements 2024, and under the historical cost accounting basis, modified to include the revaluation of derivative financial investments, properties held for letting, office properties, investment properties and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2018 ("SORP 2018"), issued by the National Housing Federation and under FRS 102.

As noted in the Directors' report on page 53, the financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

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

The Board, after reviewing the Group budgets for 2025/26 and the Group'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 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 have been set at an appropriate level to allow for customer difficulties in making payments; budget and business plan scenarios have been updated to take account of potential future changes in rent increases;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

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 the new build programme;
- 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 higher levels of investment spend;
- Liquidity – notwithstanding the entity's net current liability of £128.3m, of which the majority of current liabilities comprises deferred income of £74.5m, the entity's current available cash of £36.3m and unutilised loan facilities of £324.4m gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and
- The Group and Association's ability to withstand other adverse scenarios such as higher interest rates and inflation.

The Board believes the Group has sufficient funding in place and expects the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Group will have sufficient funds to continue to meet its 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.

The Wheatley Housing Group Limited is a public benefit entity.

Accounting judgements and estimations

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

Judgements have been made in:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

2. Accounting policies (continued)

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 March 2025. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

New subsidiaries joining the Group are accounted for under section 19.6 of FRS 102, as combinations that are in substance a gift. Any gain on acquisition is recognised through the Statement of Comprehensive Income as a gain on business combination. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. On joining the Group, an exercise is undertaken to align subsidiary accounting policies to the Group policies which may result in a restatement of comparative figures in the subsidiary results prior to consolidation.

Joint Venture

Wheatley Housing Group is a 50:50 joint owner in City Building (Glasgow) LLP ("CBG"). The investment in the joint venture is accounted for using the equity method as outlined in FRS 102 Section 15. The investment is recognised in the Statement of Financial Position at cost less any impairment. The Group's share of profits or losses of the joint venture are recognised in the Statement of Comprehensive Income and the initial investment is subsequently adjusted to reflect the Group's share. Where the Group's share of losses equals or exceeds the carrying amount of the investment the share of these losses are recognised as a provision to the extent that the Group has legal or constructive obligations or has made payment on behalf of the joint venture. The investment in the joint venture is recorded in the investing entity's stand-alone financial statements at cost less impairment.

Related party disclosures

The Company has taken advantage of the exemption, available under FRS 102, from disclosing related party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Turnover

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, grants and other income. In respect of the Group Statement of Comprehensive Income, turnover also includes factoring, care contracts and income from market and commercial rental activities.

Income from social lettings, service charges, factoring, market and commercial rental activities is recognised when it is receivable. Grant income is recognised when any associated performance conditions have been met and care contract income is recognised when services are delivered to customers as required under the agreement with each service commissioner.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

2. Accounting policies (continued)

Grant income

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the SORP 2018. Prior to satisfying the performance conditions (e.g. on completion of new-build properties), such grants are held as deferred income on the Statement of Financial Position.

Bad and doubtful debts

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

Supported housing

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

Financial instruments

Financial assets

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

2. Accounting policies (continued)

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies, bond finance and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Housing loans are classed as either basic or complex financial instruments under FRS 102. Loans are provided to RSL subsidiary members of the Group by its lenders through Wheatley Funding No. 1 Limited ("WFL1"). Loans are provided to commercial subsidiaries of the Group by Wheatley Funding No. 2 Limited ("WFL2"). All arrangements are classed as basic under the requirements of FRS 102, and are measured at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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

Deposits and liquid resources

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

Pensions

Wheatley Homes Glasgow participates in a defined benefit pension scheme arrangement with the Strathclyde Pension Fund ("SPF"). The Strathclyde Pension Fund is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended.

The SPF ("the Fund") provides benefits based on pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of the Funds are held separately from those of the participating entities.

Wheatley Homes Glasgow accounts for participation in the Fund in accordance with FRS 102 which requires disclosures presented for both the current and comparative period. FRS 102 also requires that quoted securities are valued at their current bid-price rather than their mid-market value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025 (continued)****2. Accounting policies (continued)**

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

Loretto, Wheatley Care and Wheatley Homes East previously participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") Defined Benefit Pension Scheme. Loretto members transferred to the SHAPS Defined Contribution Scheme on 1 July 2013 with Wheatley Homes East members transferring on 1 April 2014 and 1 September 2014 with the respective sections of the SHAPS defined benefit scheme operated by those Group subsidiaries closed from the dates noted.

Retirement benefits related to employees in SHAPS defined benefit pension scheme are funded by contributions from all participating employers and employees in the Scheme. In respect of the defined benefit element of the scheme, payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. In accordance with FRS 102, the Group's share of the scheme assets and liabilities has been separately identified and included in the Group's Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The Group's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension schemes.

A Group defined contribution scheme arrangement administered by the Cushon Master Trust is available to employees in certain subsidiaries of the Group. Wheatley Homes East operates a separate defined contribution scheme administered by Aviva.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

2. Accounting policies (continued)

Fixed assets – social housing properties

In accordance with SORP 2018, the Group operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

- **Valuation of social housing stock**

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

The cost of properties is their purchase price together with the cost of capitalised improvement works that result in incremental future benefits to the landlord from the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

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

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

- **Depreciation and impairment**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Group's asset management strategy and the requirement of the Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Group has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

2. Accounting policies (continued)

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

	<u>Economic Life</u>
Land	not depreciated
Bathrooms	25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works and common areas	20 yrs
Kitchens	20 yrs
Mechanical, Electrical and Plumbing	25 yrs
Structure and roofs	50 yrs
Windows and doors	30 yrs

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

Where there is evidence of impairment, the fixed assets are written down to the fair value after deducting costs to sell, and any write down is charged to operating surplus.

- **New-Build**

Housing properties in the course of construction and land for future development is held at cost and are not depreciated. Completed new-build units are transferred to completed properties when ready for letting.

The Group's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including direct development staff costs; and
- Other directly attributable internal and external costs.

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

- **Properties held for demolition**

Demolition programme housing properties have a negative valuation for accounting purposes due to the impact of demolition costs on the EUV-SH calculation, and so are held at nil on the Statement of Financial Position. Under FRS 102 there is no constructive obligation at the year-end to provide for these costs.

Investment properties

Housing for mid-market and market-rent is valued on an open market value subject to tenancies basis ("MV-T") at 31 March. The valuation is carried out by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation. The properties are held as investment properties not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised improvement works.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

2. Accounting policies (continued)

Commercial properties are held as investment properties and not subject to depreciation, they are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are re-valued at least every five years. Changes in the valuation of investment properties are reported in the Statement of Comprehensive Income in profit or loss and disclosed within other income and gains.

New-Build Grant and other capital grants

New-Build Grant is received from central government and local authorities and is utilised to subsidise the costs of housing properties. New-Build Grant is recognised as income in the Statement of Comprehensive Income under the performance model. In the case of new-build this will be when the 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. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

Properties are disposed of under the provisions contained in the Housing (Scotland) Act 2010. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is accounted for as a liability. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay is disclosed as a contingent liability.

Other tangible fixed assets

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

	<u>Economic Life</u>
Office premises (valuation)	40 yrs
District heating (cost)	30 yrs
Furniture, fittings and office equipment (cost)	5-7 yrs
Computer equipment (cost)	3-7 yrs
Community Infrastructure (cost)	20 yrs

Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are made at the end of each reporting period.

Provisions

The Group only provides for liabilities at the year-end where there is a legal or constructive obligation incurred which will likely result in the outflow of resources.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

2. Accounting policies (continued)

Taxation

As charities, Wheatley Homes Glasgow, Wheatley Homes East, West Lothian Housing Partnership, Loretto Housing Association, Wheatley Homes South, Wheatley Care and The Wheatley Foundation are exempt from corporation tax on their charitable activities by virtue of Section 478 Corporation Tax Act 2010 and from capital gains tax by virtue of Section 256 Capital Gains Tax Act 1992. A charge for taxation is made in the Group's non-charitable subsidiary companies, based on their taxable profit for the year. In accordance with FRS 102, full provision is made for all material timing differences.

Value Added Tax

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

3. Particulars of turnover, operating costs and operating surplus

Group

	Turnover	2025 Operating Costs	Other gains/ (losses)	Operating surplus/ (deficit)	2024 Operating surplus/ (deficit)
	£000	£000	£000	£000	£000
Social lettings (note 4)	437,901	(290,544)	-	147,357	68,180
Other activities (note 5)	78,942	(75,604)	-	3,338	(3,880)
Other gains/ (losses) (note 9)	-	-	10,697	10,697	9,872
Total	516,843	(366,148)	10,697	161,392	74,172
Total for previous reporting period	412,577	(348,277)	9,872	74,172	

Company

	Turnover	2025 Operating Costs	Other gains/ (losses)	Operating surplus/ (deficit)	2024 Operating surplus/ (deficit)
	£000	£000	£000	£000	£000
Other activities (note 5)	265	(265)	-	-	-
Total	265	(265)	-	-	-
Total for previous reporting period	245	(245)	-	-	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

4. Particulars of turnover, operating costs and operating surplus/ (deficit) from social letting activities

Group	General Needs £000	Supported Housing £000	Other £000	2025 Total £000	2024 Total £000
Rent receivable net of service charges	315,850	11,099	1,193	328,142	304,357
Service charges	4,646	1,042	375	6,063	5,852
Gross income from rents and service charges	320,496	12,141	1,568	334,205	310,209
Less rent losses from voids	(3,762)	(348)	(1)	(4,111)	(3,900)
Net income from rents and service charges	316,734	11,793	1,567	330,094	306,309
Grants released from deferred income – new build	89,834	856	6	90,696	27,604
Other revenue grants	16,381	727	3	17,111	13,028
Total turnover from social letting activities	422,949	13,376	1,576	437,901	346,941
Management and maintenance administration costs	(58,940)	(2,698)	(324)	(61,962)	(59,410)
Service costs	(9,684)	(512)	(129)	(10,325)	(9,826)
Planned and cyclical maintenance including major repairs costs	(34,125)	(1,208)	(248)	(35,581)	(31,674)
Reactive maintenance costs	(77,043)	(2,280)	(434)	(79,757)	(78,399)
Bad debts – rents and service charges	(1,679)	(64)	(18)	(1,761)	(2,263)
Depreciation of social housing	(97,348)	(3,375)	(435)	(101,158)	(97,189)
Operating costs from social letting activities	(278,819)	(10,137)	(1,588)	(290,544)	(278,761)
Operating surplus/ (deficit) from social lettings	144,130	3,239	(12)	147,357	68,180
Operating surplus/ (deficit) from social lettings for the previous reporting period	65,962	2,275	(57)	68,180	

Company

There were no activities in the Wheatley Housing Group Limited entity results classified as social letting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

5. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities

Group	Grants From Scottish Ministers £000	Other Income £000	Supporting People Income £000	Total Turnover £000	Total Operating Costs £000	2025 Operating Surplus /(Deficit) £000	2024 Operating Surplus /(Deficit) £000
Wider role activities to support the community	-	3,006	-	3,006	(11,389)	(8,383)	(9,201)
Care activities	-	19,732	-	19,732	(19,705)	27	(370)
Property Management	-	13,145	-	13,145	(11,136)	2,009	931
Investment Property	-	23,753	-	23,753	(7,605)	16,148	14,405
Support activities	-	1,256	144	1,400	(1,027)	373	252
Demolition activities	-	-	-	-	(41)	(41)	(155)
Other income	-	11,293	-	11,293	(9,113)	2,180	3,863
Depreciation – Non-Social Housing	-	-	-	-	(11,670)	(11,670)	(10,265)
Organisation Restructuring	-	-	-	-	(3,555)	(3,555)	(4,768)
Development & Construction of Property Activities	6,327	286	-	6,613	(363)	6,250	1,428
Total from other activities	6,327	72,471	144	78,942	(75,604)	3,338	(3,880)
Total from other activities for the previous reporting period	1,335	64,153	148	65,636	(69,516)	(3,880)	

Company	Grants From Scottish Ministers £000	Other Income £000	Supporting People Income £000	Total Turnover £000	Total Operating Costs £000	2025 Operating Surplus £000	2024 Operating Surplus £000
Provision of Group services	-	265	-	265	(265)	-	-
Total from other activities	-	265	-	265	(265)	-	-
Total from other activities for the previous reporting period	-	245	-	245	(245)	-	

Wider role activities include the provision of fuel and welfare benefits advice, the Group's EatWell, My Great Start, Home Comforts, Emergency Response Fund and Changing Lives initiatives, the Group's Helping Hand Fund and the provision of bursaries and educational support to our customers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

6. Board members' emoluments

Board members received emoluments of £213,957 (2024: £192,369) in respect of their services to Wheatley Housing Group Limited. These amounts are fully recharged to Wheatley Solutions and onwards to operational subsidiaries.

Emoluments were paid during the year to the following Board members:

	2025	2024
	£	£
Jo Armstrong	32,370	32,370
Jo Boaden CBE	16,185	16,185
Lindsey Cartwright	16,185	13,474
Maureen Dowden	19,961	17,192
Bryan Duncan	16,185	16,185
Caroline Gardner CBE	16,185	16,185
Eric Gibson (part year)	7,868	16,185
Bernadette Hewitt	19,961	19,961
Manish Joshi	14,359	12,408
John McCraw (2024 part year)	12,408	6,342
Ian Macaulay (part year)	11,746	-
Alison McLaughlin	14,359	12,408
Alastair Murray	16,185	13,474
	213,957	192,369

In addition, £2,336 (2024: £3,446) was paid to Board members for reimbursement of expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

7. Key management emoluments

	2025	2024
	£000	£000
Aggregate emoluments payable to key management in post at 31 March (excluding pension contributions)	855	837
Emoluments payable to the Chief Executive:		
	2025	2024
	£000	£000
Emoluments payable	80	80
Employer pension contributions	5	15
Total	85	95

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

	2025	2024
	No.	No.
More than £80,000 but not more than £90,000	1	1
More than £140,000 but not more than £150,000	1	1
More than £150,000 but not more than £160,000	4	4

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

7. Key management emoluments (continued)

The key management are defined for this purpose as the Chief Executive and the Group Executive team in post at 31 March 2025.

Pension contributions of £55k (2024: £157k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2025. Emoluments of £26k including pension contributions, and compensation payments for loss of office of £62k were paid to former key management personnel. The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff.

There were six senior officers in post at 31 March 2025.

Steven Henderson	Group Chief Executive
Alan Glasgow	Group Director of Housing
Laura Pluck	Group Director of Communities
Pauline Turnock	Group Director of Finance
Anthony Allison	Group Director of Governance and Business Solutions
Frank McCafferty	Group Director of Assets and Development

8. Employees

In the year to 31 March 2025, the average full time equivalent number of employees of the Group, including senior officers, was 2,780 (2024: 2,783). The total number of staff employed was 2,935 (2024: 2,948). No staff are directly employed by the Company.

Group	2025 £000	2024 £000
Staff costs (for the above persons)		
Wages and salaries	110,334	105,360
Social security costs	10,955	10,601
Employer's pension costs	7,676	11,787
FRS 102 Pension adjustment	5,523	1,975
	<u>134,488</u>	<u>129,723</u>

9. Other gains / (losses)

Group	2025 £000	2024 £000
Gain on revaluation of investment property (note 19)	10,700	9,989
Impairment of fixed asset investment	(3)	(117)
Total other gains	<u>10,697</u>	<u>9,872</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

9. Other gains / (losses) (continued)

Revaluation of investment properties

A gain of £10,700k (2024: gain of £9,989k) has been recognised on the annual revaluation of investment properties. On completion of new-build investment properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the grant income relating to the properties to be recognised through profit or loss under the performance model. On the first formal annual valuation after completion, the results of the initial valuation are compared against the gross new-build development costs held in the Statement of Financial Position; this requirement results in an initial non-cash accounting loss being reported on new build additions to investment properties which is included in the overall movement reported for the year.

Impairment of fixed asset investment

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 2025/26. 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.

10. Gain on disposal of fixed assets

This represents net income from the sale of properties including Shared Ownership sales.

Group	2025 £000	2024 £000
Proceeds from disposal of properties	2,559	2,523
Value of properties disposed	(1,367)	(1,597)
Gain on sale of fixed assets	<u>1,192</u>	<u>926</u>

11. Finance income

Group	2025 £000	2024 £000
Bank interest receivable on deposits in the year	1,140	765
Net return on pension asset	-	96
Total	<u>1,140</u>	<u>861</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

12. Finance charges

Group	2025 £000	2024 £000
Interest payable	73,612	68,570
Interest amortised on Contingent Efficiency Grant	2,167	2,051
Other financing costs	1,457	1,506
Net cost on pension	541	155
Total	<u>77,777</u>	<u>72,282</u>

Other financing costs include commitment, non-utilisation fees and the amortisation of transaction costs on the Group's funding arrangements.

Interest of £4.0m (2024: £3.4m) has been capitalised at a weighted average interest rate of 4.84% (2024: 4.64%). The rate is specific to the funding drawn in the year and invested in housing under construction.

13. Movement in fair value of financial instruments

Group	2025 £000	2024 £000
Movement in the Scottish Government loan	1,505	3,684
Movement in discount to arrears balances (note 21)	(5)	5
	<u>1,500</u>	<u>3,689</u>

14. Tax on surplus on ordinary activities

Group	2025 £000	2024 £000
Total tax expense recognised in the Statement of Comprehensive Income:		
<u>Current tax:</u>		
Current tax on income for the year	307	170
Adjustment in respect of prior periods	-	3
	<u>307</u>	<u>173</u>
<u>Deferred tax:</u>		
Origination and reversal of timing differences	(1,254)	2,589
Effects of changes in tax rates	-	-
	<u>(1,254)</u>	<u>2,589</u>
Total tax (credit)/ charge	<u>(947)</u>	<u>2,762</u>

The Company had no tax charge for the year (2024: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

14. Tax on surplus on ordinary activities (continued)

The charitable status of Wheatley Homes Glasgow, Wheatley Homes East, West Lothian Housing Partnership, Loretto Housing Association, Wheatley Homes South, Wheatley Care and The Wheatley Foundation means that no corporation tax is payable on their activities. Tax is payable on the profits from the activities of the Group's other non-charitable subsidiary companies.

Factors affecting the tax charge for the current period

Group	2025 £000	2024 £000
Reconciliation of effective tax rate		
Surplus for the year	88,694	4,604
Total tax (credit)/ charge	(947)	2,762
Surplus before taxation	87,747	7,366
 Tax using the UK corporation tax rate of 25% (2024:25%)	21,937	1,841
Effects of:		
Charitable (surplus)/ deficit not subject to tax	(19,042)	3,000
Qualifying charitable donations	(2,332)	(1,837)
Income not taxable	(1,581)	(334)
Expenses not deductible	71	89
Prior year adjustments	-	3
 Total tax (credit)/ charge in Statement of Comprehensive Income	(947)	2,762

The Company has no tax charge for the year (2024: nil).

15. Auditor's remuneration

	2025 £000	2024 £000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of these financial statements	41	41
Audit of financial statements of subsidiaries pursuant to legislation	625	625
Other audit related services	9	9

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

16. Financial commitments

Capital commitments

All capital commitments of the Group were as follows:

Group	2025 £000	2024 £000
Expenditure contracted for, but not provided in the financial statements	104,576	157,469
Expenditure authorised by the Board but not contracted	12,808	71,339
	117,384	228,808

The Group has access to sufficient funding through cash or bank lending facilities to meet the capital commitments.

Operating leases

At 31 March the Group had commitments under non-cancellable operating leases as follows; the Company had no such commitments:

Group	2025 Land and Buildings £000	2025 Other £000	2024 Land and Buildings £000	2024 Other £000
Operating lease payments due:				
Within one year	786	2,642	1,269	1,417
In the second to fifth years inclusive	1,781	2,042	2,103	109
Over five years	760	92	1,086	-
	3,327	4,776	4,458	1,526

Lease commitments include the timing of the full payment due under contract as required by FRS 102. The Group's social housing properties are held under operating leases and are tenanted under cancellable operating lease conditions. As such, no disclosure of tenant leases under FRS 102 section 20.30 is made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

17. Fixed assets – Social Housing Properties

Group	Core Stock £000	Housing Under Construction £000	Shared Ownership £000	Total £000
At Valuation				
At 1 April 2024	2,719,061	195,296	21,535	2,935,892
Additions	79,701	166,293	5	245,999
Disposals	(2,074)	(166)	(161)	(2,401)
Transfers	134,097	(198,275)	-	(64,178)
Revaluation	(50,051)	-	(3,195)	(53,246)
At 31 March 2025	2,880,734	163,148	18,184	3,062,066
Depreciation				
At 1 April 2024	-	-	-	-
Charge for year	(100,320)	-	(426)	(100,746)
Disposals	666	-	3	669
Transfers	-	-	-	-
Revaluation	99,654	-	423	100,077
At 31 March 2025	-	-	-	-
Net Book Value - valuation				
At 31 March 2025	2,880,734	163,148	18,184	3,062,066
At 31 March 2024	2,719,061	195,296	21,535	2,935,892
Net Book Value – historic cost equivalent				
At 31 March 2025	2,648,849	163,166	16,848	2,828,863
At 31 March 2024	2,536,779	195,314	17,427	2,749,520

Total expenditure on repairs and capital improvements in the year on existing social housing properties was £195.0m (2024: £186.0m). Of this, repair costs of £115.3m (2024: £110.1m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £79.7m (2024: £75.9m) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £79.7m (2024: £75.9m) in the year include:

- £42.0m for component additions including:
 - £12.1m on energy efficient heating systems and boilers;
 - £8.5m on kitchens and bathrooms;
 - £6.0m on mechanical, electrical and plumbing;
 - £5.6m on structure and roofs;
 - £4.6m on windows and doors;
 - £3.4m on external wall finishes; and
 - £1.8m on internal works and common areas.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

17. Fixed assets – Social Housing Properties (continued)

- The remaining balance of £37.7m of additions to existing properties not associated with a specific component includes £19.4m on void improvements, £4.7m of medical adaptations and £13.6m on capitalised repairs.

All subsidiaries in the Wheatley Housing Group Limited account for social housing properties at valuation. Additions to housing under construction include capitalised interest costs of £4.0m (2024: £3.4m). Interest has been capitalised at the weighted average interest cost for the Association of 4.84% (2024: 4.64%).

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Group's demolition programme, as detailed in the Group's 30-year Business Plan. The demolition programme identifies 112 (2024: 814) properties for demolition over the next few years, with no long-term investment expenditure associated with these properties.

Demolition programme stock has a negative valuation for accounting purposes due to the impact of demolition costs on the Existing Use for Valuation – Social Housing ("EUV-SH") calculation and so is held at nil on the Statement of Financial Position as under FRS 102 there is no constructive obligation at the year-end date to provide for these costs.

The Group's social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2025 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.50-7.00% have been used depending on the property archetype (2024: 5.75-7.00%). The valuation assumes a real rental income growth of 0.5% for the first year, followed by long-term real rental growth of 1.0% per annum for the Social Rented units. Both mid-market and full market rent properties are assumed at a long-term real rental income growth of 0.50% throughout. The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

Included in core stock are 966 garages and 1,200 parking sites owned by Wheatley Homes South held at a value of £3.9m (2024: £3.9m). These have been valued at market value subject to tenancy ("MV-T"), the Directors consider the difference between EUV-SH and MV-T for these properties to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

17. Fixed assets – Social Housing Properties (continued)

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

	2025 No.	2024 No.
Social Housing		
General needs	60,260	59,687
Shared ownership	356	358
Supported housing	1,811	1,853
Housing held for long-term letting	62,427	61,898
Housing approved/planned for demolition	112	814
Total Units	62,539	62,712

18. Fixed assets - other tangible fixed assets

Group	Community Infra- structure £000	Office Premises £000	District Heating £000	Furniture, fittings and equipment £000	Computer Equipment £000	Total £000
Cost						
At 1 April 2024	27,716	17,165	12,439	50,548	79,446	187,314
Additions	3,339	89	2,523	4,830	9,468	20,249
Disposals	-	-	-	(30)	-	(30)
Revaluation	-	(227)	-	-	-	(227)
At 31 March 2025	31,055	17,027	14,962	55,348	88,914	207,306
Depreciation						
At 1 April 2024	(5,323)	-	(4,673)	(40,053)	(58,436)	(108,485)
Charge for year	(1,463)	(768)	(387)	(2,364)	(6,688)	(11,670)
Disposals	-	-	-	14	-	14
Revaluation	-	768	-	-	-	768
At 31 March 2025	(6,786)	-	(5,060)	(42,403)	(65,124)	(119,373)
Net Book Value						
At 31 March 2025	24,269	17,027	9,902	12,945	23,790	87,933
At 31 March 2024	22,393	17,165	7,766	10,495	21,010	78,829

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

19. Investments

Investment properties

Group	Properties held for market rent £000	Commercial properties £000	Total £000
Valuation			
At 1 April 2024	295,607	14,364	309,971
Additions	1,602	-	1,602
Transfers	64,178	-	64,178
Disposals	(196)	-	(196)
Revaluation	10,524	176	10,700
At 31 March 2025	371,715	14,540	386,255
Net Book Value			
At 31 March 2025	371,715	14,540	386,255
At 31 March 2024	295,607	14,364	309,971

Market rent properties were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, Jones Lang LaSalle, on 31 March 2025.

The number of properties held for market rent by the Group at 31 March were:

	2025 No.	2024 No.
Market Rent Properties		
Total Units	2,876	2,597

The Group's commercial properties were valued by an independent professional advisor, Jones Lang LaSalle, on 31 March 2025 in accordance with the appraisal and valuation manual of the RICS.

In determining the valuation of investment properties, it is assumed that there are no restrictions on the ability to realise the investment properties or the remittance of income and proceeds of disposal. There are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

19. Investments (continued)

Investment in joint venture

	2025 £000	2024 £000
Investment in joint venture	116	116
Share of profit	300	-
	416	116

The Group is a 50:50 joint venture partner in City Building (Glasgow) LLP. The investment in City Building (Glasgow) LLP is recognised in the financial statements at cost less any impairment. The Group's share of profits or losses of the joint venture are recognised in the Statement of Comprehensive Income and the initial investment is subsequently adjusted to reflect the Group's share.

20. Stock

Group	2025 £000	2024 £000
Maintenance stock	2,278	1,926

Stock at maintenance depot relates to consumable parts in relation to our repairs and investment service for our subsidiaries in the east and south of the country.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

21. Debtors

Group	2025 £000	2024 £000
Due within one year:		
Arrears of rent and service charges	25,560	20,935
Adjustment to discount arrears balances with payment plans (note 13)	(133)	(128)
Less: provision for bad and doubtful debts	(13,834)	(10,526)
	11,593	10,281
Prepayments and accrued income	17,655	10,073
Other debtors	16,711	29,189
Total	45,959	49,543

22. Creditors: amounts falling due within one year

Group	2025 £000	2024 £000
Amounts falling due within one year:		
Trade creditors	15,713	20,265
Accruals	50,305	52,937
Deferred income (note 23)	74,457	57,553
Rent and service charges received in advance	23,329	23,974
Salaries, wages, other taxation and social security	1,854	1,717
Corporation tax	152	57
Housing loans	29,790	33,503
Other creditors	17,229	22,401
Total	212,829	212,407

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

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

Group	2025 £000	2024 £000
Scottish Government loan	46,943	46,280
Housing loans	1,699,199	1,580,555
Deferred income	27,603	79,591
Total	1,773,745	1,706,426

The Scottish Government made available to Wheatley Homes Glasgow £100.0m of contingent efficiencies grant over an eight-year period. Under this agreement £100.0m (2024: £100.0m) has been received and this is an interest-free loan with repayment due in 2040/41. The amount due of £46.9m at 31 March 2025 is the measurement of the liability after discounting for an equivalent interest bearing arrangement with the same repayment date. This treatment is consistent with FRS 102 which requires financial instruments to be measured at amortised cost. The movement in the balance in the year relates to:

- interest costs £2.2m (2024: £2.1m)
- fair value movement gain £1.5m (2024: gain of £3.7m)

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

Housing Loans

The Group RSLs and the Group's development company, Wheatley Developments Scotland, have borrowing arrangements in place via a Group funding structure which consists of bank loans, note placements and capital markets debt, secured on charged properties owned by the RSLs. The RSL Group funding was made up of a committed facility of £654.7m from a syndicate of commercial banks, two committed facilities totalling £254.9m from the European Investment Bank, £400.0m from a public bond due in 2044, of which £300.0m is currently issued, £389.0m private placement loan notes with BlackRock Real Assets, M&G Investment Management and PGIM, a £50.0m facility with Barclays, a £35.0m facility with RBS, and £82.3m charitable bonds via Allia Social Impact Investments. This provided total facilities of £1,865.9m for RSLs through Wheatley Funding No.1 Limited, a wholly owned subsidiary of the Wheatley Housing Group Limited. At 31 March 2025, the RSL borrowing group comprises Wheatley Homes Glasgow, Wheatley Homes South, Wheatley Homes East, Loretto Housing Association and Wheatley Developments Scotland.

Additional separate facilities are provided through direct loans to Wheatley Homes East comprising of a committed facility from The Housing Finance Corporation of £16.5m and a £16.0m unsecured Scottish Government Charitable Bond with Allia Limited. Wheatley Homes South also has a facility of £40.0m with The Housing Finance Corporation. The loan premium of £1,602k received on drawdown is being amortised over the life of the loan and at the 31 March 2025 stood at £926k (2024: £978k). Wheatley Homes South also has a £35.0m facility is in place with Allia under the Scottish Government Charity Bonds Programme.

Bond finance is repayable in 2044/45 and has a coupon rate of 4.375%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

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

Lowther Homes Limited has access to a £76.5m facility provided through Wheatley Funding No.2 Ltd ("WFL2") via an agreement with Scottish Widows through Bank of Scotland. Interest on the facility has been charged at a rate of 3.77%.

Borrowings are repayable as follows:	2025	2024
	£000	£000
In less than one year	29,790	33,503
Between one and five years	309,855	280,833
In more than five years	1,389,344	1,299,722
	1,728,989	1,614,058

The deferred income balance is made up as follows:

	New Build Grant £000	Other £000	Total Deferred Income £000
Deferred income as at 1 April 2024	130,956	6,188	137,144
Additional income received	66,409	3,489	69,898
Released to the Statement of Comprehensive Income	(97,377)	(7,605)	(104,982)
Deferred income as at 31 March 2025	99,988	2,072	102,060

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	2024
	£000	£000
In less than one year (note 22)	74,457	57,553
In more than one year but less than five years	27,603	79,591
In more than five years	-	-
	102,060	137,144

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

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

Financial instruments

	2025 £000	2024 £000
Financial assets:		
<u>Measured at amortised cost:</u>		
Debtors and accrued income	45,959	49,543
Total	45,959	49,543
	2025 £000	2024 £000
Financial liabilities:		
<u>Measured at amortised cost:</u>		
Creditors, accruals and deferred income	210,642	258,495
Bank loans	1,728,989	1,614,058
	1,939,631	1,872,553
<u>Measured at fair value:</u>		
Scottish Government loan	46,943	46,280
Total	1,986,574	1,918,833

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

24. Provisions for liabilities and charges

Group	Insurance	Other	Deferred tax	Dilapidation Provision	Total
	£000	£000	£000	£000	£000
At 1 April 2024	1,093	-	9,376	1,210	11,679
Created	-	278	-	20	298
Utilised	(38)	-	(1,287)	(146)	(1,471)
At 31 March 2025	1,055	278	8,089	1,084	10,506

Insurance

A provision has been made in respect of the excess arising on all outstanding insurance claims.

Other

A provision has been recognised for the estimated costs of remedial works required to properties owned by Wheatley Homes Glasgow.

Deferred tax

Deferred tax is provided to take account of timing differences between the treatment of certain items for financial statement purposes and their treatment for tax purposes. Deferred tax is provided for all material timing differences and for the unrealised gain or losses on investment properties in certain subsidiaries in the Group. The UK's main corporation tax rate is 25%.

Dilapidation provision

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

25. Share capital

Wheatley Housing Group Limited was incorporated on 13 June 2012 and is a Company Limited by Guarantee and therefore does not have any Share Capital.

There were no balances in reserves for the company at 31 March 2025.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

26. Pensions

Strathclyde Pension Fund

The funds are part of the wider Local Government Pension Scheme ("LGPS") in Scotland. The Group subsidiary Wheatley Homes Glasgow Limited participates in the Strathclyde Pension Fund ("SPF") which is administered by Glasgow City Council and is a defined benefit scheme.

The latest full actuarial valuation was carried out as at 31 March 2023. In preparing the formal valuation at 31 March 2023 an allowance for full GMP indexation and an estimate of the impact of the McCloud judgement was also included based on eligibility criteria of members for inclusion in the agreed remedy.

TPT Retirement Solutions - Scottish Housing Association Pension Scheme

Loretto, Wheatley Care and Wheatley Homes East participate in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2024. Since the 2021 valuation, there have been significant increases in UK Government Bond (gilt) yields and interest rates. The impact of this has been to reduce the overall size of the Scheme assets and liabilities. The Technical Provisions, or "Scheme funding" basis, funding level reduced from 98% to 90% as at 30 September 2024. The Scheme deficit has increased from £27.3m to £79.5m. This means that a Recovery Plan is required to address the deficit and it has been agreed that deficit recovery contributions will restart from 1 April 2026. From 1 April 2026, overall Scheme deficit contributions will be £15.6m p.a., increasing by 3% each 1 April, and will be payable for four years until 31 March 2030.

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 inclusive.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025 (continued)**

26. Pensions (continued)

The TPT benefits review is ongoing, with legal opinion being sought on whether pre-2003 benefits should have continued to receive pension increases in line with RPI inflation, rather than being switched to CPI inflation from 2011 onwards. The choice of inflation measure can have an impact on members' benefits because RPI is generally expected to be higher than CPI. Guidance from the Court, and therefore whether any increases to members benefits will be needed, is not expected before late 2025.

Wheatley Housing Group Defined Contribution Scheme

The Group also operates defined contribution schemes through the Cushon Master Trust and Aviva. These arrangements are open to most employees who are not members of the Strathclyde Pension Fund, SHAPS defined benefit or defined contribution scheme, or any other group scheme. Employer contributions vary pro rata with the level of contributions chosen by the individual employee member and range from 8% to 12%. Employer contributions are capped at 12%.

Group Defined Benefit assets and obligations

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

	31 March 2025	31 March 2024
Discount rate	5.80%	4.80%
Future salary increases	2.20%*	2.30%
Inflation	2.80%	2.80%

* future salary increases assumed to be 3.3% p.a. for the first year, 2.50% in year two and 2.00% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2025, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future changes in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

- Current pensioner aged 65: male 20.0 years, female 23.2 years (2024: 20.2 and 22.7 years, respectively)
- Future retiree upon reaching 65: male 20.7 years, female 24.4 years (2024: 21.4 and 24.1 years, respectively)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

26. Pensions (continued)

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

Movements in present value of defined benefit obligation

	SPF 2025 £000	SHAPS 2025 £000
Opening defined benefit obligation	448,466	49,144
Current service cost	9,580	-
Interest cost	21,410	2,304
Actuarial gains	(74,133)	(5,655)
Contributions by members	2,746	-
Benefits paid	(20,134)	(2,334)
Expenses	-	74
Closing defined benefit obligation	387,935	43,533

Movements in fair value of plan assets

	SPF 2025 £000	SHAPS 2025 £000
Opening fair value of plan assets	682,009	42,774
Expected return on plan assets	32,483	1,998
Actuarial losses	(8,493)	(4,324)
Contributions by the employer	4,131	74
Contributions by the members	2,746	-
Benefits paid	(20,134)	(2,334)
	692,742	38,188
Effects of changes in surplus not recoverable	(306,576)	-
Closing fair value of plan assets	386,166	38,188

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

26. Pensions (continued)

	SPF Value at 31 March 2025 £000	SHAPS Value at 31 March 2025 £000	Total 31 March 2025 £000
Present value of funded defined benefit obligations	(386,166)	(43,533)	(429,699)
Present value of unfunded defined benefit obligations	(1,769)	-	(1,769)
Fair value of plan assets	692,742	38,188	730,930
Re-measurements for change in asset ceilings	(306,576)	-	(306,576)
Net liability	(1,769)	(5,345)	(7,114)

Expense recognised in the Statement of Comprehensive Income

	SPF 2025 £000	SHAPS 2025 £000
Current service cost	7,525	-
Past service cost	2,055	-
Net interest on defined benefit obligation	235	306
Administration costs	-	74
	<u>9,815</u>	<u>380</u>

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is a gain of £7,281k (2024: loss of £5,701k).

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

	2025 £000	2024 £000
Equities	424,499	406,834
Corporate bonds	159,693	185,423
Property	64,251	70,329
Alternatives	26,843	25,950
Cash	55,644	36,247
	<u>730,930</u>	<u>724,783</u>
Actual return on plan assets	21,664	67,998

During the year pension contributions of £379k (2024: £nil) were paid to Strathclyde Pension Fund on behalf of key management personnel who retired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

27. Related party transactions

The company retains a register of Directors' interests. During the year there were no interests in related parties that require to be disclosed or declared by Directors. Directors received emoluments for their services to Wheatley Housing Group Limited. Details are included in Note 6.

Tenant and factored homeowners Directors

The following Directors are tenants and have tenancies that are on the Association's normal terms and they cannot use their positions to their advantage:

Bernadette Hewitt – tenant of Wheatley Homes Glasgow

John McCraw – tenant of Wheatley Homes South (resigned 20 June 2025)

Pamela Paton – tenant of Wheatley Homes East (appointed 20 June 2025)

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

	2025 £000
Rent charged during the year	11
Arrears balances outstanding	-

Other related parties

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

	Income £000	Expenditure £000	Amounts owed by related parties £000	Amounts owed to related parties £000
2025				
City Building (Glasgow) LLP	4,767	112,002	6,473	13,544
Strathclyde Pension Fund	-	4,131	-	-
TPT Retirement Solutions – SHAPS Fund	-	74	-	-
Transforming Communities: Glasgow	-	-	-	-
Scotcash CIC	-	-	-	-

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

The Wheatley Housing Group Limited has a 50:50 share in City Building (Glasgow) LLP with Glasgow City Council. The joint venture provides repairs and investment services to the Group subsidiaries in the west of Scotland.

During the year Wheatley Homes Glasgow held nomination rights to a directorship of Transforming Communities: Glasgow ("TC:G"). Maureen Dowden and Bryan Duncan served as nominated directors during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

27. Related party transactions (continued)

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

28. Cash Flow Analysis

Reconciliation of surplus to net cash inflow from operating activities

	2025 £000	2024 £000
Surplus for the year	88,694	4,604
Depreciation of tangible fixed assets	112,828	107,454
Increase in stock	(352)	(213)
Decrease/ (increase) in debtors	3,579	(4,315)
(Decrease)/ increase in creditors and provisions	(12,740)	24,673
Pensions costs less contributions payable	5,449	1,903
Adjustment for investing or financing activities:		
Gain from the sale of tangible fixed assets	(1,192)	(926)
Grants released in the year	(104,628)	(30,108)
Interest receivable	(1,140)	(861)
Interest payable	77,777	72,282
Share of JV profit	(300)	-
Movement in fair value of financial instruments	(1,500)	(3,689)
Gain on investment activities	(10,697)	(9,872)
Net cash inflow from operating activities	155,778	160,932

29. Subsidiary and associated undertakings

The ultimate parent company is Wheatley Housing Group Limited. The Company has twelve immediate subsidiaries – Wheatley Homes Glasgow Limited, West Lothian Housing Partnership Limited (non-trading), Loretto Housing Association Limited, Wheatley Funding No.1 Limited, Wheatley Funding No.2 Limited, Wheatley Developments Scotland Limited, Lowther Homes Limited, Wheatley Homes East Limited, The Wheatley Foundation, Wheatley Solutions Limited, Wheatley Care and Wheatley Homes South Limited.

Wheatley Housing Group Limited retains constitutional control of all subsidiary undertakings.

The objective of Wheatley Funding No.1 Limited is the provision of finance to the RSLs in the Group. Wheatley Funding No.1 Limited is the parent of Wheatley Group Capital plc, the vehicle for raising bond financing. Wheatley Funding No.2 Limited provides finance to Lowther Homes Limited. Lowther Homes Limited is involved in providing private and mid-market rent properties for let and the provision of property management services to homeowners.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

29. Subsidiary and associated undertakings (continued)

Wheatley Housing Group Limited is a 50:50 joint venture partner with Glasgow City Council in City Building (Glasgow) LLP. The Group's share of the results of City Building (Glasgow) LLP are accounted for using the equity method.

For the year ended 31 March 2025 the West Lothian Housing Partnership Limited was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies with Wheatley Housing Group Limited, as the parent undertaking, providing a guarantee under section 479C. The Company was subsequently dissolved on 26 August 2025.

The results of Scotcash CIC have not been consolidated as an associate undertaking into these accounts as they are not material to the Group's operations. Scotcash provides accessible and affordable finance to individuals with limited access to banking services. Wheatley Homes Glasgow provided start-up funding to Scotcash and has no outstanding obligations. Scotcash commenced winding up proceedings on 7 December 2023 through a Members' voluntary liquidation.

The legal form and share capital of each immediate subsidiary of the Wheatley Housing Group Limited is as follows:

Subsidiary	Legal status	Issued share capital
Wheatley Homes Glasgow Limited	Co-operative and Community Benefit Society	10 x £1 shares
Wheatley Homes East Limited	Co-operative and Community Benefit Society	105 x £1 shares
Wheatley Funding No.1 Limited	Company Limited by Guarantee	No share capital
Wheatley Funding No.2 Limited	Company Limited by Guarantee	No share capital
Lowther Homes Limited	Company Limited by Shares	100 x £1 ordinary shares
Loretto Housing Association Limited	Co-operative and Community Benefit Society	70 x £1 shares
West Lothian Housing Partnership Limited (Dissolved 26 August 2025)	Company Limited by Guarantee	No share capital
Wheatley Solutions Limited	Company Limited by Shares	100 x £1 shares
The Wheatley Foundation Limited	Company Limited by Guarantee	No share capital
Wheatley Homes South Limited	Company Limited by Guarantee	No share capital
Wheatley Care	Company Limited by Guarantee	No share capital
Wheatley Developments Scotland Limited	Company Limited by shares	2 x £1 shares

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

29. Subsidiary and associated undertakings (continued)

The Company exercises its functions as parent of the entities listed above through ownership of 100% of the share capital in all Companies Limited by Shares, through the ownership of a parent share with controlling rights in all Co-operative and Community Benefit Societies, and through a controlling interest as a member of the Companies Limited by Guarantee. Transactions between wholly owned Group companies and closing balances do not require to be disclosed under FRS 102.

30. Events after the end of the reporting period

In August 2025, Glasgow City Council and the Wheatley Housing Group, as the two Members of City Building (Glasgow) LLP, approved in principle changes to the legal agreements that govern the joint venture which would see City Building (Glasgow) LLP become a Wheatley Group subsidiary. The target implementation date for these changes is 1 April 2026 and is subject to the legal agreements being finalised.

SUPPLEMENTARY INFORMATION

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