ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended

31 March 2018

Wheatley Housing Group Limited

Scottish Housing Regulator Registration No. 363
Registered No. SC426094

CHAIR'S REPORT

In so many ways, the 12 months leading up to March 2018 represent our best year at Wheatley yet.

We continued our mission to realise the vision we outlined in our five-year strategy Investing in our Futures, making good progress across all five of our strategic themes.

Customer satisfaction improved further across our subsidiaries, prudent financial management resulted in continued improvements in value for money and our work was recognised by several national and international awards and accreditations.

Most notably, our new-build programme gathered real momentum as we completed 748 new affordable homes for rent across our communities. At the end of March 2018 we were on site building a further 1,824 homes with plans for thousands more. Our current programme ranges from 152 homes for social rent in GHA's Hinshelwood Drive in Glasgow's Ibrox to Dunedin Canmore's 12 homes in Gilmerton Dykes Road in Edinburgh.

The scale of Wheatley's programme is unprecedented. Indeed, Wheatley was named the UK's biggest developer of homes for social rent by the housing sector's leading magazine Inside Housing in 2017 and again in 2018.

We continued to receive strong support from the Scottish Government for our new build programme and worked closely with local authorities including Glasgow, Edinburgh, West Lothian and West Dunbartonshire.

Building on this scale also requires the confidence of investors. During the year we were able to secure further private investment, enabling our plans for thousands more homes to take shape.

This included £100m from the world's largest fund managers BlackRock and a new revolving credit facility of £100m with HSBC. In June 2018 we secured a new £185m loan from the European Investment Bank. All of this was a huge vote of confidence in Wheatley Group, in Scotland and in the social housing sector.

These new funding streams mean the Group finished the financial year on track to secure £1 billion to support our house-building programme over the next five years.

Our commercial subsidiaries – Lowther Homes and YourPlace – both performed well, ending the year ahead of their financial targets, while our care subsidiaries, Loretto Care and Barony, worked closely together, sharing expertise and bidding jointly as a consortium for new contracts. This approach meant they too ended the year with a solid performance.

CHAIR'S REPORT (continued)

Wheatley's financial health and its continued contribution to Scotland's communities are down to the hard work and passion of staff and the tireless commitment of Board and committee members across the Group. That includes, in no small part, Chief Executive Martin Armstrong who in March 2018 was named Director of the Year by the Institute of Directors in the large business category – a fitting and well-deserved tribute to Martin and his leadership of Wheatley Group.

Alastair MacNish OBE

Chair of Wheatley Housing Group Board

CHIEF EXECUTIVE'S REPORT

In the past financial year, Wheatley put itself on the map as one of Europe's best-accredited housing and care groups, and the UK's largest builder of social-rented homes.

Innovative thinking drives us on each year in our never-ending journey to excellence and 2017/18 was no exception.

The national and international awards and accreditations we won, including GHA's European Foundation of Quality Management ("EFQM") Global Excellence Award, are testimony to the fact Wheatley continues to set the bar in our sectors.

Our customer satisfaction levels improved further, in some cases becoming among the highest in the country, thanks to the "ThinkYes" culture and attitude of our employees.

Our new build programme has, for two years in a row, seen us named the UK's biggest social housing developer by Inside Housing. While we continue to build thousands of new homes, adding to the 1,900 we have completed in the past three years, we are also investing in our existing homes with £69.5m of improvements over the past year.

However, we are about much more than bricks and mortar. Two major areas of focus for us this year were improving our repairs service and giving our customers more choice through online channels.

Our new local repairs service – delivered in the West by City Building (Glasgow) LLP and in the East by our own Property Services team – was rolled out and is seeing customer satisfaction increasing. The reshaping of the service, heavily influenced by customers' views, followed Wheatley becoming joint owner, with Glasgow City Council, of City Building (Glasgow) LLP in April 2017.

We designed and launched our 10 new websites by listening to customer feedback. Despite relatively high levels of digital exclusion in our communities, we've seen a steady rise in the numbers of people engaging and transacting with us online. Our housing officers prepared for our "Go Mobile" project which has seen them equipped with tablet computers so they can deliver more services in customers' homes and support people get online themselves.

Supporting people with digital skills, vital in today's world, is just one of the ways we helped people get more out of their lives. There is no doubt bringing house and care together is enabling us to support more people in different ways.

Our care subsidiaries provide highly-personalised and sector-leading services to the most vulnerable. This included 2,215 of our social housing tenants who were at risk of losing their tenancy and who got extra support through our Tenancy Support Service. We set up a new Housing First partnership with Social Bite to tackle rough sleeping in Scotland, committing 200 homes to help house people on the streets and offering personalised care and support to help them deal with issues.

CHIEF EXECUTIVE'S REPORT (continued)

We also offered a wide range of support to over 11,000 people in our communities through our charitable trust, the Wheatley Foundation. The Foundation's programmes support people to escape poverty; find jobs and training; access sport and arts; get support for further education; and learn digital skills. Over the year we created 532 jobs, apprenticeships and training opportunities, the majority of them going to people who live in our homes.

It has been a year of achievement for Wheatley on every front. I look forward to even greater things as we continue to realise our vision in Investing in our Futures.

Martin Armstrong

Wheatley Housing Group Chief Executive

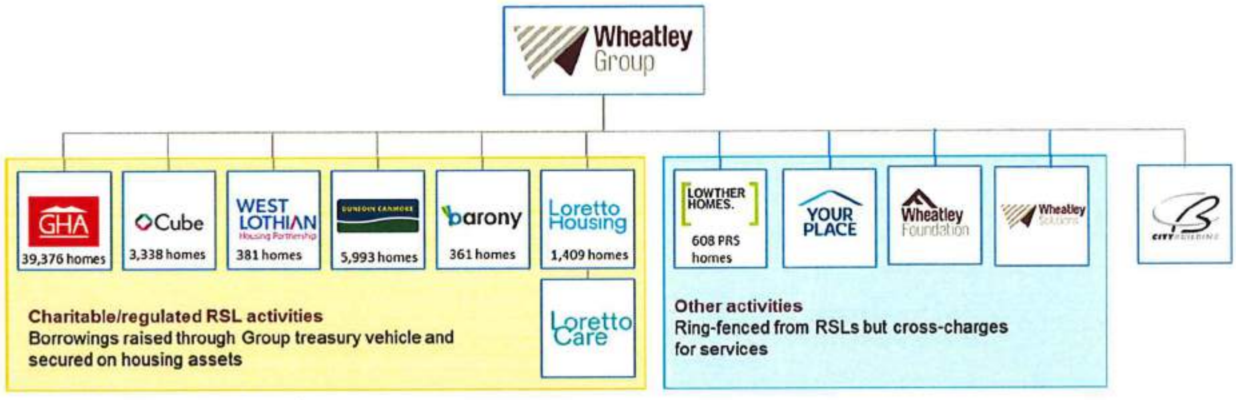
STRATEGIC REPORT

Who we are and where we operate

Headquartered in Glasgow, we serve over 200,000 people in 17 local authority areas across central Scotland through our Registered Social Landlords, care organisations and commercial subsidiaries. Each part of the Wheatley family 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 Housing Group Limited, as the the Group parent, does not own any homes but provides strategic oversight to all subsidiaries and is registered with the Scottish Housing Regulator.

The Group's operating structure as at 31 March 2018 is shown below.



Excludes dormant entities and treasury/funding vehicles.

The largest part of the Group's operating footprint is in the West of Scotland, with over 40,000 homes owned and managed by Glasgow Housing Association, Cube Housing Association and Loretto Housing. Our presence in the east of Scotland continues to grow, with Dunedin Canmore Housing and West Lothian Housing Partnership both delivering significant new build programmes.

STRATEGIC REPORT (continued)

While care is a relatively small part of the Group in financial terms (less than 5% of turnover), Loretto Care supports over 1,000 people with specialist needs, many of whom live in properties owned by its parent entity, Loretto Housing Association Limited. In East and central Scotland, Barony provides care and support services to over 700 people.

Lowther Homes Limited has a portfolio of 608 private rented homes and provides management services to the Group's mid-market rented homes. Planning is underway to merge Lowther with YourPlace Property Management Limited, which provides factoring (common property management services) to over 27,700 customers.

Wheatley Solutions provides support services, ranging from finance, IT and procurement to governance, assurance, and communications and marketing, to the Group's partner organisations. Wheatley Foundation Limited delivers our community and better lives activity.

From 1 April 2017, the Group acquired a 50% interest in City Building (Glasgow) LLP ("CBG") under a 50:50 joint venture arrangement with Glasgow City Council. The joint venture provides repairs and investment services to the Group subsidiaries in the West of Scotland. The Group's share of the results of CBG are included in the financial statements for the first time.

The year under review

The year to March 2018 marked the third stage of the journey set out in the Group's five year strategy, *Investing in our Futures*. The Group continued to deliver on the key objectives in each area of the strategy, including:

- Smoothly implementing a new joint venture with Glasgow City Council for repairs services
- Strengthening its liquidity base through a number of new funding lines
- Reshaping loan covenants to facilitate the medium term continuation of the Group's new build programme
- Continuing to deliver efficiency savings, including £1.9m outperformance versus budget on operating costs and £3.2m lower interest costs than budget
- Tenant satisfaction 91% in GHA and improved in all other subsidiaries
- Performance improvements in key areas such as arrears and voids

Investing In Our Futures is built on five strategic platforms: Customer Service Excellence, Asset Growth and Partnerships, Transforming the Care Environment, Building Shared Capability, and a Strong and Diverse Funding Base. Strong progress was made on each during the year, as set out below.

STRATEGIC REPORT (continued)

Customer service excellence

Awards and accreditations

We had a record year for awards, with GHA one of only three companies to win the European Foundation for Quality Management ("EFQM") Global Excellence Award in November 2017, in recognition of its business performance and customer service excellence.

Other awards and accreditations achieved through 2017/18 included:

- Institute of Directors Scotland: Director of the Year (large business category) for Wheatley Group's CEO Martin Armstrong;
- Investors In People Awards 2017: Platinum Employer of the Year and Apprentice Employer of the Year for GHA;
- CSE accreditation for Wheatley Group (with 20 compliance plus, the highest grade available);
- Investors In Young People (IIYP) for Wheatley Group, Investors in People Platinum for Cube, and Investors in People Gold for Dunedin Canmore and Barony.

Customer satisfaction

Performance results improved again over the year, with all our social landlords reporting significant progress. Most importantly, all six of our social landlords reported their highest ever level of tenant satisfaction with services.

For 2017/18 tenant satisfaction was:

- 91% at GHA, up from 89% the previous year;
- 87% at Cube, up from 86.8% the previous year;
- 94% at Dunedin Canmore, up from 93.6% the previous year and 89.6% in 2015;
- 93% at Barony, up from 91% the previous year;
- 88% at Loretto Housing, up from 86% the previous year; and
- 97% at WLHP, up from 93.5% the previous year.

Repairs service

Our new repairs service was created after Wheatley became a joint owner, with Glasgow City Council, of City Building (Glasgow) on 1 April 2017.

The new service, delivered in the West by City Building (Glasgow) and by our own Property Services team in the East, is more local, with greater focus on the customer's experience and

STRATEGIC REPORT (continued)

closer working between housing and repairs staff. Tenant satisfaction with the service has increased, with 94% of GHA tenants reported being satisfied, up from 86% in 2016/17.

Supporting people online

We completed the roll out of our new websites for our subsidiaries and the Group, leading to growth in our online visitor numbers. Across all our websites, up to 56,000 people visit us online in any month. The new websites, shaped by customer feedback, have helped encourage people to sign up for online self-service where they can pay rent, book repairs and more. Almost 7,000 customers were registered at the end of the financial year, with over £4m in payments taken online in the year.

Helping people lead better lives

In 2017/18 over 11,000 people in our communities benefited from Wheatley Foundation programmes, against a target of 9,000.

The charitable trust, chaired by Sir Harry Burns, focuses on support for people in our communities around employability, tackling poverty, digital exclusion, education and sports and arts. Over the year:

- 532 jobs, apprenticeships, and training opportunities were created, the majority for people in our homes;
- 6,724 people were supported through programmes to tackle poverty;
- 75 veterans were helped through our Veterans' Support Service set up with funding from the UK Treasury's LIBOR fund;
- 550 older people attended over 1,200 Revitalise fitness classes; and
- Over 200 young people attended theatre sessions through our First Nights partnership with the National Theatre for Scotland.

Asset Growth and Partnerships

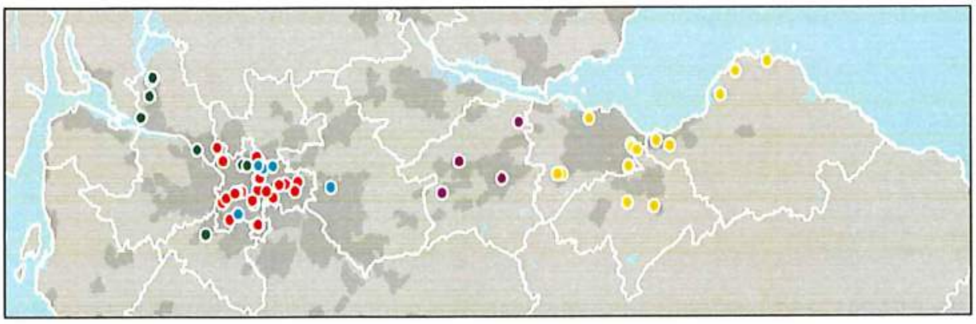
Investing in homes

Wheatley's new build programme gathered momentum in 2017/18, with 748 new affordable homes completed, 554 for social rent and 194 for mid-market rent.

Mid-market homes, let and managed by Lowther Homes on behalf of our social landlords, are a good alternative for people who may not have priority for a social home.

At the end of the financial year we were also on site building 1,824 more homes, all across central Scotland as shown below.

STRATEGIC REPORT (continued)



Among the homes completed in 2017/18 were:

- 105 in Brand Street, Govan, where an old tram depot was refurbished as part of the GHA development;
- 130 for GHA in Dougrie Drive, Castlemilk;
- 42 homes for Cube in Milton, Glasgow; and
- 55 homes for Dunedin Canmore at Craigmillar, Edinburgh.

Protecting our homes

We also invested £69.5m improving our existing homes. We made our existing homes more energy-efficient and helped customers cut their fuel bills by installing modern heating systems, new doors and windows, as well as new kitchens, bathrooms and roofs.

Key projects included:

- improvements to further enhance safety in our multi-storey blocks;
- continuing GHA's Winget refurbishment programme in Carntyne with 30 blocks benefiting from major structural improvements and internal upgrades;
- environmental improvements at Cube's Wyndford estate in Glasgow, creating new courtyards and better parking; and
- a major tenement refurbishment at Dunedin Canmore's Earl Grey Street in Fountainbridge, Edinburgh.

New acquisitions

Lowther Homes increased its portfolio of homes for full-market rent by acquiring 56 homes in the Ferry Village, at Braehead.

Jobs and training

'Community benefit' clauses in all our new-build and investment contracts require contractors to create opportunities for people from our communities. Our contractors created 67 jobs or apprenticeships in 2017/18 and donated £40,000 to community initiatives.

STRATEGIC REPORT (continued)

In total we delivered 532 jobs, apprenticeships, and training opportunities.

From April 2018, the new "Wheatley Works" programme, supported by the Wheatley Foundation, will support people to get ready to step into the jobs and training opportunities we create.

Our new partnerships

We continued to work closely with partners to improve communities and people's life chances and achieve national outcomes.

This year we partnered with Social Bite to create a ground-breaking project to tackle rough sleeping.

The "Housing First" programme aims to support people sleeping rough to move into a home and sustain their tenancy by giving them personalised support to deal with often complex issues. Wheatley Group pledged more than 200 homes over two years, and is offering comprehensive support to people given one of our homes to help them rebuild their lives. Housing staff at Dunedin Canmore and care colleagues at Barony became the first to successfully resettle an individual in Edinburgh as part of this national initiative.

Transforming the Care Environment

Growing our business

Our two care subsidiaries, Loretto Care and Barony, worked more closely together as they grew, improved services, and performed well against our business targets.

Our reputation for excellence meant we negotiated extensions to contracts in two local authority areas without the need for re-tender. Our provision of truly personalised services earned praise from commissioners of our Glasgow Self Directed Support Service ("SDS") and meant more referrals from all over the city, increasing our income and service capacity.

In Falkirk, Barony and Loretto Care secured high-ranking places on a framework tender for Self-Directed Support Services, while Barony also secured a place on the framework for Housing Support, Mental Health and Substance Misuse Flexible Support services in West Lothian Council. These successful tenders protect existing services and increase the opportunity for growth.

In total we supported almost 7,500 people over the year, helping them get the most out of their lives and achieve their own personal outcomes.

Care Inspectorate gradings

The Care Inspectorate carried out 13 inspections across our two care subsidiaries, with the majority of services graded very good or excellent.

At Loretto Care, nine inspections were carried out with eight achieving grades of very good (5) and excellent (6) across each theme inspected. Of all themes inspected, there were three excellent grades, 15 very good grades and one good.

STRATEGIC REPORT (continued)

Five Barony services were inspected, with three rated very good (5) for all themes inspected. One received one very good grade and one good grade (4).

That compares well with national figures, where 50% of services receive very good grades and only 8% excellent.

Awards and accreditations

Care continued to be recognised externally for its work.

Loretto Care was awarded the European Foundation Quality Management's Recognised for Excellence 5-star award in June 2017 and went on to secure a Best Practice Award for 'Succeeding through the Talent of People'.

They were also awarded Investors in People ("IiP") Platinum in December 2017, while Barony secured Investors in People ("IiP") Gold.

Helping people live independently

One focus this year was using technology to help people remain safe and well in their homes.

Care and housing worked closely together to redesign services for older people. The new Livingwell services, which replaced sheltered housing in Glasgow, were designed after consultation with tenants and started on 1 April 2018.

Aimed at supporting people to live independently in their home, the new service involves a mix of personal, face-to-face support from housing staff and our Livingwell teams, a range of social activities and volunteering opportunities and the use of technology.

Building Shared Capability

Developing our Academy

The Academy, which now comprises two centres in Glasgow and one in Edinburgh, developed and rolled out a programme of learning and events for staff.

This included:

- a series of conferences for young employees aged 16 to 28, designed by and for Wheatley's young people;
- training for all housing staff on "Go Mobile", our project to equip staff with the technology and skills to deliver more services in customers' homes; and
- enhancing the professional development and qualifications of our staff through 26 bursaries for staff to study at university and college.

In total, 421 events and learning opportunities were facilitated by the Academy.

STRATEGIC REPORT (continued)

Our upgraded intranet

We upgraded our staff intranet renaming it W.E. Connect and introducing new features to help staff collaborate and share knowledge more easily.

New features included:

- personalised news feeds for Housing, Care, Property Management and Wheatley Solutions;
- improved forums where staff can ask questions, start discussions and share ideas; and
- a social media style timeline on the homepage - Wheatley's version of Facebook.

More video content is being used, with 84% of staff engaging with the intranet regularly.

Rewarding and recognising staff

Our "W.E. Excel" Awards, which recognise outstanding contributions by staff, culminated in a Grand Final in Glasgow in September 2017 hosted by BBC presenter Jackie Bird. More than 100 staff attended and eight winners were announced. Wheatley suppliers sponsored the awards, covering all the costs of staging the event. The "W.E. Excel" Awards are now in their second year with team events taking place ahead of the Grand Final 2018.

We continued to offer our staff a sector-leading rewards package, including child care vouchers, help with optician and dentist costs, a cycle-to-work scheme, shopping discounts and help with the costs of annual travel passes.

We gained external recognition for developing and recognising staff through accreditations including Investors in People ("IiP"), with three subsidiaries achieving Platinum status and others Gold, and Wheatley as a whole achieving Investors in Young People Gold in 2018. The Group also gained Healthy Working Lives Gold.

Establishing a Strong and Diverse Funding Base

While Brexit uncertainty persists, the external policy context was significantly improved during the year by the dropping of the UK Government's planned local housing allowance cap on housing benefit. This significantly mitigated medium term risk to the Group's business plan. In addition, while Universal Credit remains a key business risk, the "Scottish Flexibilities" were introduced during the year, allowing direct payment to the landlord of the housing element of Universal Credit if the tenant so chooses.

The Group continues to have a strong focus on efficiencies and a prudent approach to cost management and budget setting. Operating margin of 21% and adjusted EBITDA of over £88m were the highest yet achieved, driven by a growing rental base and cost efficiencies. The Group's turnover also broke the £300m barrier for the first time.

The Group raised a number of new sources of liquidity during the year, through a £100m private note placement with BlackRock Real Assets, a £65m extension to existing syndicated bank facilities with Royal Bank of Scotland and Bank of Scotland, and a new £100m revolving credit

STRATEGIC REPORT (continued)

facility with HSBC. These new sources of funding will help support the next phase of our new build programme.

Despite the Group's significant social housing new build programme, gearing fell during the year, as strong asset value growth continued to outstrip the increase in borrowing. Standard & Poor's commented on the Group's continuing financial performance improvement in their credit rating review in May 2018. The rating was reaffirmed at A+, and while the outlook was moved to negative this was based on the wider economic uncertainties arising from the Brexit process.

Commercial operations delivered strong growth in income and customer numbers. YourPlace generated £1.6m in gift aid for the Group, exceeding the £1.2m target. In Lowther Homes, turnover grew to £10.0m from £5.1m in 2017. This was a result of an increase in the number of mid market developments managed by Lowther as new build properties were completed by Wheatley Group RSLs and available for rent earlier than planned coupled with new market rent properties acquired by Lowther at Ferry Village in Renfrewshire.

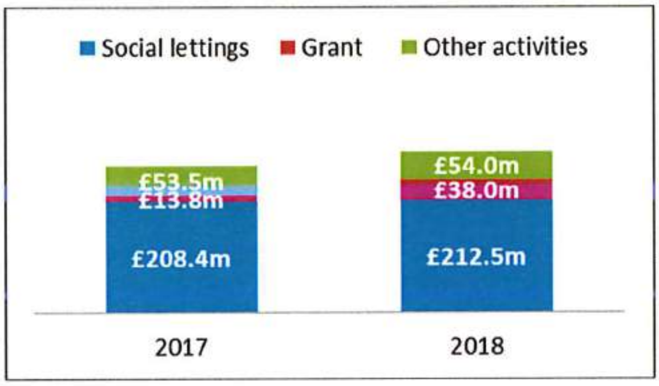
STRATEGIC REPORT (continued)

FINANCIAL PERFORMANCE

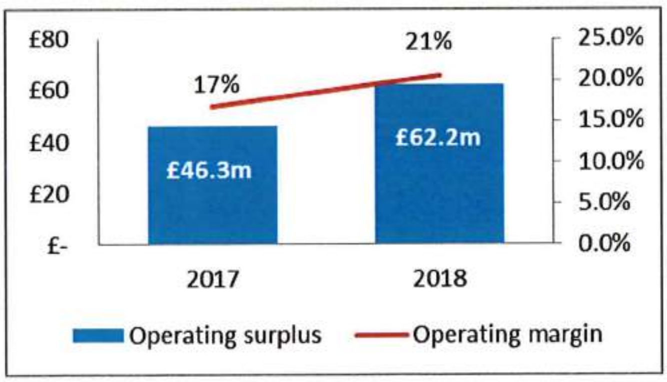
The Group's key financial performance indicators continued to improve, while customer satisfaction measures also rose during the year, reflecting the Group's focus on the activities customers have told us are most important.

Key highlights – Statement of comprehensive income

- In the year to 31 March 2018, turnover grew to £304.6m, up from £275.7m in 2017.
- Turnover generated in the Group's core social letting business was £212.5m up from £208.4m.
- Income from non social housing activities accounts for a small proportion of the Group's overall turnover. At 13.5m , Care contract income represents 4% of Group turnover, with commercial factoring and letting accounting for £25.0m or 8%.

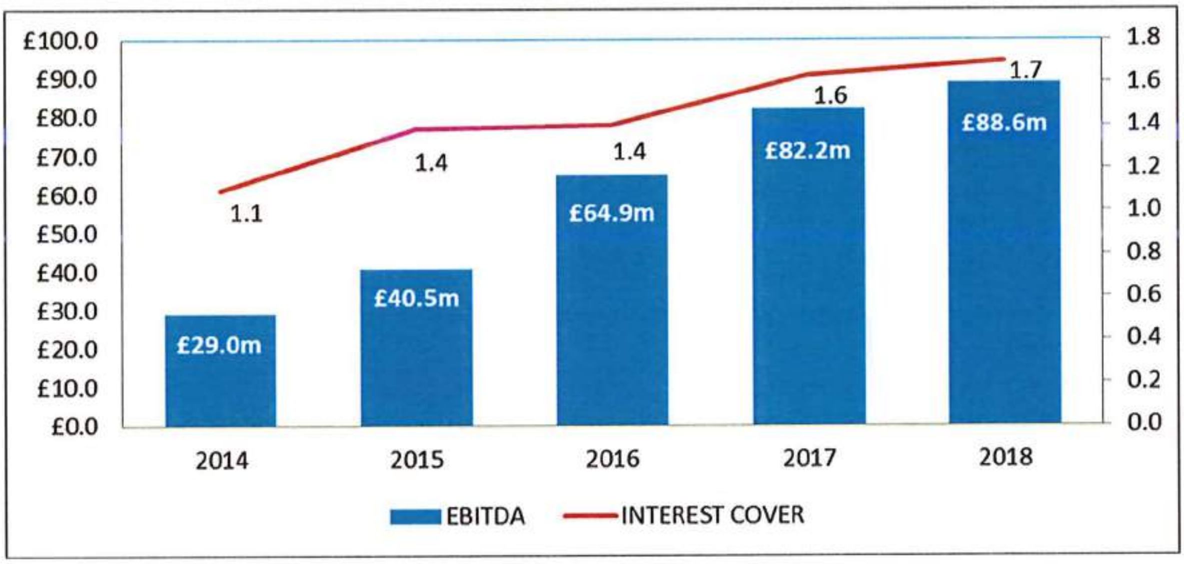


- The Group achieved an operating surplus of £62.2m up from £46.3m in 2017.
- Operating margin increased from 17% to 21% in the same period.
- An unrealised surplus on the valuation of housing properties of £82.2m (2017: £0.9m) was recognised in other comprehensive income.



STRATEGIC REPORT (continued)

- Earnings before interest, tax, depreciation and amortisation ("EBITDA"), adjusted to remove the impact of revaluations, business combinations and grant income on new build properties, has shown consistent growth.
- EBITDA after adjustments has grown to £88.6m, up from £82.2m in 2017, an increase of 8%
- Interest cover, the ability to meet interest payments due on borrowings from surplus earned in the year has grown to 1.7 times from 1.6 times in 2017.
- The five year trend on both these KPIs shows consistent growth and a significant strengthening of the Group's financial position.



STRATEGIC REPORT (continued)

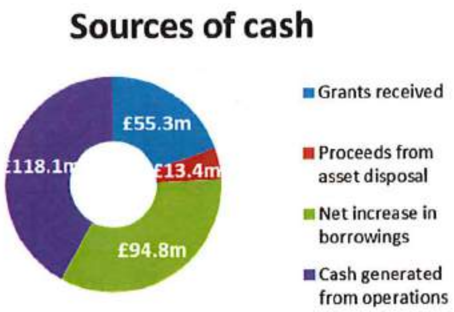
Key highlights – Statement of Financial Position

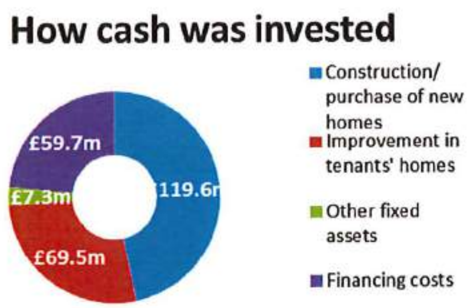
- Total net assets of £773.3m increased by £94.5m in the year;
- Housing properties have increased in value by £177.3m, a result of the return on investment in customers' homes and the investment in the new build programme which has seen a total of 748 new homes completed in the year;
- Debt levels remain at a sustainable level, with long term loans of £1,091m (2017: £996m). Gross debt per unit was £21,160, which is below the majority of large UK housing groups. Gearing, measured by debt as a percentage of asset values in the Statement of Financial Position, was 56.3% at 31 March 2018.

Key highlights - Cash flow and liquidity

The Group continued to deliver a high level of cash generation from operating activities which helped to underpin our growing new build programme and maintain a high level of investment in existing homes.

- Cash of £118.1m was generated from operations, up from £66.0m in 2017.
- At 31 March 2018, cash and cash equivalents were £52.3m; an increase of £25.7m in the year.





- Grant income of £55.3m (2017: £42.6m) further supported the development of new housing, and this was accessed under long term agreements with the Scottish Government.

STRATEGIC REPORT (continued)

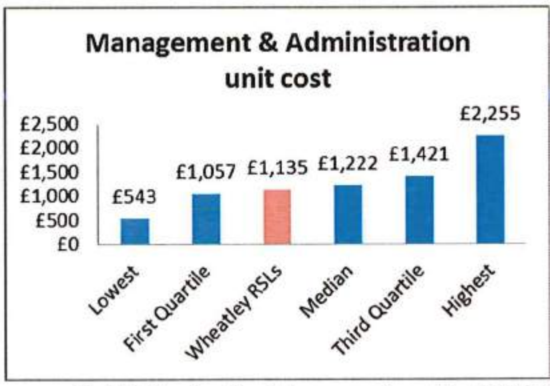
VALUE FOR MONEY

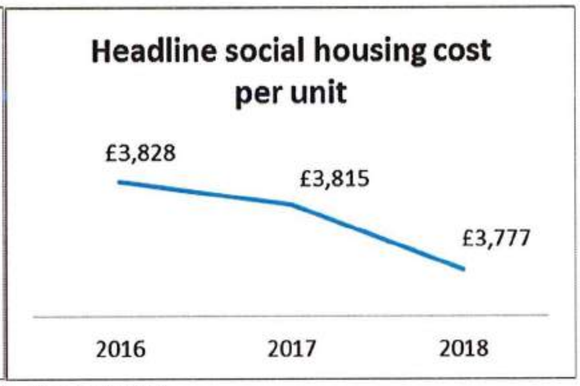
Costs versus performance

As a Group, in addition to the measures of operating surplus and EBITDA reported within the financial highlights sections, a number of key performance indicators ("KPIs") are used to assess and benchmark performance against our strategic objective of delivering excellent services that represent Value for Money.

Management and administration costs

Management costs are reported in note 4 to these financial statements. For the Group, management cost per unit was £1,135, down from £1,159 in the previous year. The Group's RSL management costs for the 2017/18 financial year have been compared against other mainstream Scottish RSLs with a majority of stock classified as general needs. Comparison with the most recent data published by the Scottish Housing Regulator shows that the Group management cost per unit of £1,135 is below the median for the sector in Scotland. This has been achieved against a context where around one in four of the Group's properties are high rise flats, where management costs are higher due to the investment in concierge and environmental management services we provide.



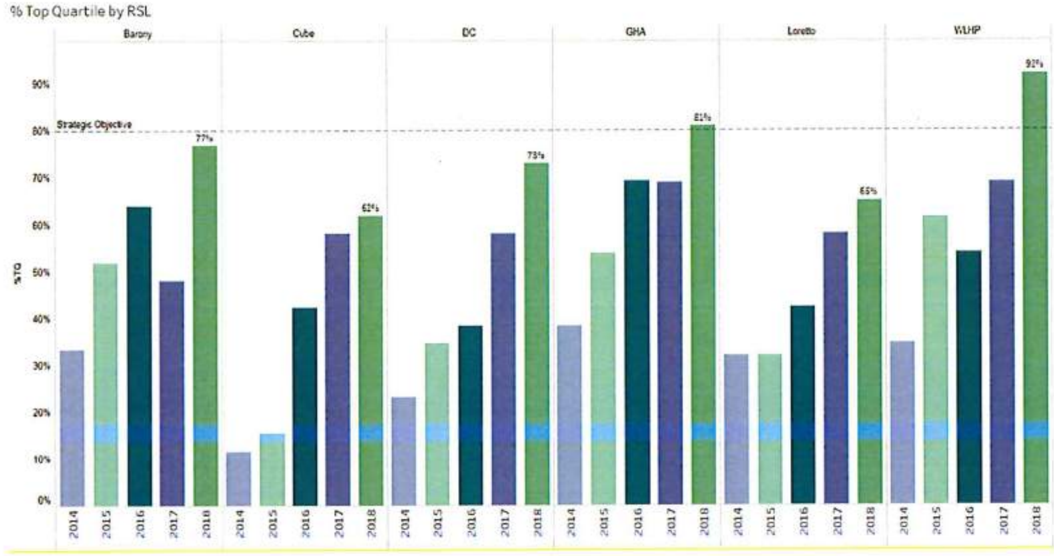


source: Scottish Housing Regulator comparison of Scottish RSL unit costs 2016/17

The overall cost per unit of the Group's social letting activities fell in 2017/18 to £3,777 from £3,815 in 2016/17. Costs are shown for the financial year 2015/16 onwards when Dunedin Canmore joined the Group, allowing a like for like comparison to be made across the RSLs.

STRATEGIC REPORT (continued)

At the same time as driving efficiencies in costs, the Group has committed to a strategic objective of achieving over 80% of RSL performance measures in the top quartile across the sector in Scotland. The measures are reported in the Annual Return on the Charter ("ARC") to the Scottish Housing Regulator. All of the Group's RSLs improved performance in 2017/18 as compared against the last published data for 2016/17 by the Regulator. Progress over the period of the Investing in Our Futures strategy is shown in the chart. Both GHA and West Lothian Housing Partnership have achieved over 80% of measures in the top quartile in 2017/18.



STRATEGIC REPORT (continued)

TREASURY MANAGEMENT

Long term debt facilities

As at 31 March 2018, Wheatley Group had £1,344m of bond and bank funding facilities in place with total Group drawn debt balances of £1,109.1m.

The debt facilities of GHA, Cube, West Lothian Housing Partnership, Loretto Housing, Dunedin Canmore and Barony were provided through intra-Group arrangements with our RSL Group treasury vehicle, Wheatley Funding No.1 Ltd ("WFL1"). The funding facilities of WFL 1 consisted of bank facilities from a syndicate of three commercial lenders, as well as a European Investment Bank loan facility, a committed facility with HSBC, a private note placement with BlackRock and bond funding raised on the debt capital markets. These loans were secured on property assets of these RSLs through a security trust structure.

In addition to group funding through WFL1, certain RSL group companies have direct loans. Cube had a bilateral unsecured loan facility with the Scottish Partnership for Regeneration of Urban Centres ("SPRUCE"); and Dunedin Canmore Housing ("DCH") had a £16.5m loan from The Housing Finance Corporation ("THFC") secured on DCH property assets.

Wheatley Funding No.2 Ltd ("WFL 2") is the funding vehicle for the commercial side of the Wheatley Group. It provided £50m of facilities to Lowther Homes Limited for acquisition of properties for private market rent. Prior to 30 March 2017, WFL2 also provided a facility of £9.5m to Dunedin Canmore Enterprise for its portfolio of mid-market rent properties. On 30 March 2017,the business of Dunedin Canmore Enterprise was transferred to Dunedin Canmore Housing by means of a transfer of engagements. The £9.5m facility and was consolidated into the main WFL 1 syndicate loan agreement at the end of June 2017.

The funding facilities in place on 31 March 2018 comprised the following:

Group Co	Facility	Principal
WFL1	Public bond issued 2014/15	£300.0m
WFL1	Private Placement loan notes	£100.0m
WFL1	HSBC facility	£100.0m
WFL1	Commercial bank facility	£668.3m
WFL1	European Investment Bank facility	£104.2m
DCH	THFC facilities	£16.5m
WFL2	Private rented sector bank facilities	£50.0m
Cube	SPRUCE (unsecured) loan	£5.0m
		£1,344.0m

STRATEGIC REPORT (continued)

Group RSLs had drawn £1,065.2m from WFL1 at 31 March 2018 and the direct loans (Spruce and THFC) were fully drawn at £21.5m. On the WFL 2 side, Lowther Homes had drawn £22.4m of its £50m facility.

As at 31 March 2018, 17% (£235m) of borrowing facilities were undrawn (2017: 14%, £169.3m).

The weighted average duration of drawn debt across the Group is 20.45 years. Under the Group Treasury Management Policy, the Group structures its business plan and future fundraising activities such that it will not have to refinance material amounts of debt in any one year. None of the Group's loan facilities need to be refinanced over the short term. The next point of significant refinancing risk will arise in 2021/22 in relation to £50m of bank loan facilities for the Group's commercial subsidiary, Lowther Homes. The historic weighted average cost of drawn debt, inclusive of margins and hedging activities, was 5.05% at 31 March 2018 on an annual effective rate basis (2017: 5.06%).

Asset value (for debt security purposes) was £1.7bn at 31 March 2018, of which £254m (13%) remained unencumbered.

The principal cash outflows were operating costs and investment in assets, particularly in development of new housing stock of £113.9m (2017: £74.5m) and investment in existing stock of £69.5m (2017: £71.7m).

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 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 counterparty to any treasury transaction becoming insolvent. As at 31 March 2018, all cash investments are held with counterparties who meet the criteria of the Group Treasury Management Policy.

STRATEGIC REPORT (continued)

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 70% across the term of the debt. At 31 March 2018, 86% of Group borrowings were at fixed rates reducing from 92% at 31 March 2017. This was due to drawn debt moving on to variable rates temporarily in line with legacy hedging arrangements. This funding will move back to fixed rates over the course of the following financial year.

In respect of bank loans, the Group hedges against interest rate risk principally through the use of embedded hedges within its bank facilities, the terms of which permit these loans to be classified as "basic" financial instruments under FRS 102.

WFL 2, on behalf of Lowther Homes, entered into stand alone interest rate swaps which provided fixed rates on £17m of drawn facilities.

No margin call clauses existed in any loan or derivative contracts entered into by Group entities.

Currency risk

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

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

Alastair MacNish OBE, Chair
29 August 2018

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2018.

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 six Registered Social Landlords and three commercial subsidiaries. On 1 April 2017, the Group also became a 50:50 joint venture partner with Glasgow City Council in 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. The Group commissioned independent governance experts as part of a strategic governance review undertaken during the course of the year.

The main areas the review considered were: the Group structure, the composition and skills of Boards across the Group; a self-assessment against the SHR Regulatory Standards; and a review of our governance framework. The independent review concluded that our governance is highly robust and made a series of recommendations for further refinement. We plan to implement these recommendations over the course of 2018/19.

As at 31 March 2018, the company's Articles of Association allowed for the appointment of up to fifteen directors as follows:

- Up to seven Independent Non-Executive Directors
- Up to two GHA Nominated Directors
- Up to five Co-opted Directors
- Up to one 'Other' Director

The Directors of the Group Board from 1 April 2017 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:

DIRECTORS' REPORT (continued)

Group board membership details, remuneration during the year and meeting attendance

Name	Directorship type	Group Board	Group Audit Committee	Group Remuneration, Appointments, Appraisals and Governance Committee	Group Strategic Development Committee	Attendance at Group Board meetings
Alastair MacNish	Non-Executive	Chair		Chair	Chair	6/6
Sheila Gunn	Non-Executive	Vice-Chair	•	•	•	5/6
Martin Armstrong*	Other	•				6/6
Jo Armstrong	Non-Executive	•	•		•	5/6
Mike Blyth	Non-Executive	•	Chair	•	•	6/6
Patrick Gray	Non-Executive	•				6/6
Ronnie Jacobs	Non-Executive	•				6/6
Elizabeth Walford	Non-Executive	•	•		•	6/6
Bernadette Hewitt	GHA Nominated	•	•	•	•	6/6
Kate Willis	GHA Nominated	•				6/6
Peter Kelly	Co-opted	•	•			6/6
John Hill	Co-opted	•				5/6
James Muir	Co-opted	•				4/6
Martin Kelso	Co-opted	•				6/6
Thomas Mitchell	Co-opted (retired 21 September 2017)	•				2/3
Mary Mulligan	Co-opted (appointed 25 October 2017)	•				3/3

Notes
*No additional remuneration to that disclosed in note 7 to the financial statements

DIRECTORS' REPORT (continued)

The Group Board is responsible for the strategic direction of the Group and financial planning. 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
- approving each year's Group financial statements.

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

- approval of the Group business plan and budget;
- agreeing the scope of a strategic governance review;
- raising additional finance from the capital markets;
- approving new strategies and policy frameworks in core business areas, including: Allocations; Learning and Innovation, Protecting People and Fire Prevention and Mitigation;
- approval of large scale new build developments; and
- oversight of partner financial and operational performance.

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 members from the Group Board and co-opted members. The Committee is responsible for:

- reviewing the Group's system of internal control, compliance assurance and risk management system;
- providing an overview of the internal and external audit functions;
- scrutinising the financial statements;
- appointing and agreeing the remuneration of external auditor;
- monitoring the implementation of internal audit recommendations and external audit reports and management letters;
- 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:

- Oversight of the 2017/18 financial statements;
- Approving the Group's strategic assurance plan;
- Review of the Group's assurance related polices;
- Oversight of the Group's preparations for the General Data Protection Regulations; and
- Reviewing its Terms of Reference and making recommendations for changes, which were subsequently agreed by the Group Board.

DIRECTORS' REPORT (continued)

The Committee reports to the Group Board via its Chair.

Group Remuneration, Appointments, Appraisals and Governance Committee
The Committee is made up of up to five members inclusive of the Group Chair, Vice-Chair, and the Chairs of GHA and the Group Audit Committee.
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;
- evaluation 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
- based on reports and advice from the Group Chief Executive determining the remuneration and conditions of the Executive Team.

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

- oversight of the strategic governance review on behalf of the Board;
- development of recommendations to the Board in respect of the Group's succession planning arrangements;
- review of the Group's approach to Board appraisal;
- oversight of implementation of the recommendations from the Board Effectiveness review carried out by the Institute of Directors in the prior year;
- oversight of the Group's Board member recruitment and approval of all appointments to subsidiary Boards, and
- agreement of the remuneration and conditions of the Executive Team

The Committee reports to the main 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 main activity of the Strategic Development Committee during the year was the raising of finance via bank and capital market activities.

The Committee reports to the Group Board via its Chair.

DIRECTORS' REPORT (continued)

Statement on Internal Financial Controls

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 23 to 26.

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 (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 which are specifically reserved for approval and which are the subject of regular standard reports as required;
- arrangements under terms of reference for the Group Audit Committee to meet regularly and receive reports from management and internal and external auditors on the system of internal control in operation across the Group, and to provide reasonable assurance that control procedures are in place and are being followed;
- written policies and procedures including Standing Orders setting out delegated authorities 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;

DIRECTORS' REPORT (continued)

- an Internal Audit function with an annual Internal Audit Plan and producing an annual Internal Audit Report 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 Internal Audit function has a pivotal role in the process of developing this Statement of Internal Financial Controls. As part of Internal Audit work, reviews are directed using a risk-based approach to assess the robustness of the implementation of the Group's key systems of internal control.

Internal Audit provides information on the various strengths and weaknesses on the approach we have adopted, and provides recommendations where improvements are necessary and desirable for good governance and effective Risk Management. Management across the Group are responsible for the implementation of improvements and agreed actions identified from Internal Audit activity.

In line with good practice, Internal Audit provides the Audit Committee and the Board with an Annual Internal Audit Report and Statement, which summarises all the work completed during 2017/18. The overall Internal Audit opinion provided in this statement is detailed below:

"*Based on our Group wide work undertaken in 2017/18 a substantial level of assurance can be given that there is a sound system of internal control, designed to support achievement of relevant organisational objectives. However, some weaknesses in the design and or consistent application of controls exist. Management have agreed to the improvements to the control environment 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, and this is a requirement set out by the Scottish Housing Regulator's Regulatory Standards.

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

DIRECTORS' REPORT (continued)

Risk management is a key element of the Group's overarching governance arrangements as it demonstrates that we have considered those areas which put the achievement of our strategic objectives under threat, that we have analysed the consequences of things going wrong and that we have thought through the actions and controls we need 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 tolerance and that strong governance arrangements are upheld by all Subsidiaries to protect the reputation of the Group.

Risk Management covers the whole spectrum of risks and not just those associated with finance, health and safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, public image (reputation), compliance with legislation and regulation and environment.

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 and Strategy, clear roles and responsibilities for the Risk Management process have been established. The Board has overall responsibility for ensuring the effectiveness of this framework. In addition to this, the Board agreed risk appetite levels which are embedded within strategic risk registers and used to determine the Group's approach to managing risk.

The Executive Team is the facilitator of the Risk Management Framework and processes. Its role is to ensure that Departmental Managers comply with the Risk Management Framework including monitoring of the risk registers on Pentana, which is the Group's risk and performance management system. This ensures that Departmental Managers keep their risk registers up to date, new and emerging risks are identified and risk scores are challenged.

Risk Management forms an integral part of the culture and the way we are run. Risk Management plans are incorporated and embedded into business plans of all applicable sections of 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.

DIRECTORS' REPORT (continued)

Principal risks facing the Group

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

Risk	Mitigation
Brexit	• Traditional housing and care group with no new build for open market sale plans – minimal exposure to housing market implications of Brexit • Low risk business model - well placed to raise private finance to support ongoing development as necessary • Contingency funding plans in place in case of risks to future EIB loan drawdowns
Rent increase assumptions in business plan	• Scottish Government has confirmed HAs will continue to set their own rents • Significantly lower rent levels than England • Discretionary expenditure exists outside core housing stock management/ maintenance (e.g. community investment funds, environmental works could be reduced/deferred)
Universal Credit	• "Scottish Flexibilities" provide choice of monthly or twice monthly payments and allow direct payment of housing costs to landlord • Trusted Partner status with DWP – so auto-reversion to direct payment if 6 weeks of arrears • Significant preparatory work with customers (e.g. one-on-one support to use online DWP portal for affected customers and My Money financial support project through the Wheatley Foundation which has assisted 7,692 people to date with budgeting)
Fire safety	• Detailed surveys and Scottish Fire and Rescue Service block inspection reports • Daily fire safety checks and maintenance regime in place • Accelerated programme of fire door replacement • Contingencies identified to fund any works required as a result of new regulations
Implementation of City Building joint venture for repairs and core stock investment	• Project implementation group and detailed monthly performance reporting • Secondment of staff teams to ensure integrated working practices with City Building team • New local operating model to better respond to customer demand • Review of future call handling model underway
Business continuity including cyber security	• Business continuity implementation Group collates, reviews and updates disaster recovery and business continuity plans • Annual testing of plans – demonstrated to work highly effectively during snow incident in March 2018 • IT Cyber security live tests undertaken and results reported Group Board
Delivery of development programme	• Social housing and mid market rent programmes are supported by committed Scottish Government grant • Strategic Agreements with local authority partners, including land supply/sites • Experienced development team with expert knowledge of local markets • Bespoke programme management software developed – unique in UK
Gearing and liquidity	• Significant undrawn borrowing facilities in place • No refinancing risk in the short-medium term and strong covenant headroom • Low debt per unit (<£21k)

DIRECTORS' REPORT (continued)

Other matters:

Employees
During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Employees are encouraged to 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 platforms which make up "Investing in Our Futures" under the banner of "My Contribution". Regular meetings are also held between management and employees to allow a free flow of information and ideas.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by disabled person. 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, 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.

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. A Group strategy for the period from 2020 to 2025 to follow Investing in Our Futures is being developed.

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; and
- 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 2014. 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

Alastair MacNish OBE, Chair
29 August 2018

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

Opinion

We have audited the group and parent financial statements of Wheatley Housing Group Limited ("the company") for the year ended 31 March 2018 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 2018 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 Order 2014.

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 and parent company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the Strategic Report, the Directors' Report, the Statement on Internal Financial Controls, the Chair's Report and the Chief Executive's 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 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 pages 27 to 30 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or

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

- 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.

Directors' responsibilities

As explained more fully in their statement set out on page 32, 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 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.

Andrew Shaw

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

7 September 2018

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £ 000	2017 £ 000
Turnover	3	304,551	275,729
Operating expenditure	3	(244,108)	(242,352)
Other income and gains	9	1,759	12,904
Operating surplus		62,202	46,281
Share of profit in joint venture		37	-
Gain on disposal of fixed assets	10	3,378	3,156
Finance income	11	702	1,431
Finance charges	12	(59,037)	(53,508)
Movement in fair value of financial instruments		(320)	1,035
Surplus/(deficit) on ordinary activities before taxation		6,962	(1,605)
Taxation	13	(163)	(159)
Surplus/(deficit) for the financial year		6,799	(1,764)
Unrealised surplus on the valuation of housing properties	16	82,291	862
Unrealised surplus on the valuation of office properties		-	753
Actuarial gain/(loss) in respect of pension schemes		5,450	(7,083)
Total comprehensive income/(expenditure) for the year		94,540	(7,232)

All amounts relate to continuing operations.

The notes on pages 41 to 75 form part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	**2018** **£ 000**	**2017** **£ 000**
Turnover	3	242	2,820
Operating expenditure	3	(242)	(2,820)
Operating surplus		-	-
Finance income		-	-
Finance charges		-	-
Surplus on ordinary activities before taxation		-	-
Taxation on surplus for the year		-	-
Surplus for the financial year		-	-
Total comprehensive income for the year		-	-

All amounts relate to continuing operations.

The notes on pages 41 to 75 form part of these financial statements.

GROUP STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2018

	Revenue Reserve £ 000	Revaluation Reserve £ 000	Total Reserves £ 000
Balance at 1 April 2016	621,826	64,144	685,970
Total comprehensive expenditure for the year	(7,232)	-	(7,232)
Transfer of reserves for the revaluation of housing properties	(862)	862	-
Transfer of reserves for the revaluation of office properties	(753)	753	-
Balance at 31 March 2017	612,979	65,759	678,738
Total comprehensive income for the year	94,540	-	94,540
Transfer of reserves for the revaluation of housing properties	(82,291)	82,291	-
Balance at 31 March 2018	625,228	148,050	773,278

COMPANY STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2018

	Total Reserves £ 000
Balance at 1 April 2016	-
Total comprehensive income for the year	-
Balance at 31 March 2017	-
Total comprehensive expenditure for the year	-
Balance at 31 March 2018	-

The notes on pages 41 to 75 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Social housing properties	16	1,728,721	1,551,404
Other tangible fixed assets	17	47,033	47,393
Investment property	18	179,506	148,298
Investment in joint venture	18	37	-
		1,955,297	1,747,095
Pension asset	24	28,274	26,169
Current assets			
Stock		178	238
Trade and other debtors	19	83,554	105,253
Cash and cash equivalents		52,329	26,672
		136,061	132,163
Creditors: amounts falling due within one year	20	(130,825)	(89,919)
Net current assets		5,236	42,244
Total assets less current liabilities		1,988,807	1,815,508
Creditors: amounts falling due after more than one year	21	(1,148,631)	(1,051,416)
		840,176	764,092
Provisions for liabilities			
Pension liability	24	(8,131)	(9,054)
Provision for other liabilities	22	(58,767)	(76,300)
Total net assets		773,278	678,738
Reserves			
Share capital	23	-	-
Revenue reserve		625,228	612,979
Revaluation reserve		148,050	65,759
Total reserves		773,278	678,738

These financial statements on pages 35 to 75 were approved by the Board on 29 August 2018 and were signed on its behalf by:

Alastair MacNish
Chair

The notes on pages 41 to 75 form part of these financial statements.
Company registration number SC426094.

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

	Notes	2018 £000	2017 £000
Trade and other debtors		-	-
Cash and cash equivalents		2	15
		2	15
Creditors: amounts falling due within one year	20	(2)	(15)
Net current liabilities		-	-
Total assets less current liabilities		-	-
Total net assets		-	-
Reserves			
Share capital	23	-	-
Total reserves		-	-

These financial statements were approved by the Board on 29 August 2018 and were signed on its behalf by:

Alastair MacNish
Chair

The notes on pages 41 to 75 form part of these financial statements.

Company registration number SC426094.

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	**2018 £000**	**2017 £000**
Net cash generated from operating activities	26	118,143	66,042
Cash flow from investing activities			
Improvement of properties	16	(69,494)	(71,696)
Construction of new properties		(113,885)	(74,524)
Purchase of other fixed assets	17	(7,260)	(14,570)
Purchase of investment properties	18	(5,698)	(3,189)
Proceeds from sale of properties	10	13,443	11,721
Grants received	21	55,323	46,583
Finance income		264	547
		(127,307)	(105,128)
Cash flow from financing activities			
Finance charges		(59,975)	(52,096)
Cash obtained through acquisition		-	2,788
Bank loan drawn down		186,430	55,576
Repayments of bank loans		(91,612)	(2,200)
Taxation		(22)	(1)
		34,821	4,067
Net change in cash and cash equivalents		25,657	(35,019)
Cash and cash equivalents at 1 April		26,672	61,691
Cash and cash equivalents at 31 March		52,329	26,672
Cash and cash equivalents at 31 March			
Cash		52,329	26,672
Bank overdraft		-	-
		52,329	26,672

The notes on pages 41 to 75 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 Company was incorporated on 13 June 2012. 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 2014, and under the historical cost accounting basis, modified to include the revaluation of derivative financial investments, properties held for letting, 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 2014 ("SORP 2014"), issued by the National Housing Federation and under FRS 102.

The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Group and the preparation of long term financial forecasts and plans which include an assessment of the availability of funding and the certainty of cash flow from the rental of social housing stock.

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 2018 (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 2018. 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

On 1 April 2017, the Wheatley Housing Group became 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 2018 (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 2014. 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

2. Accounting policies (continued)

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

Glasgow Housing Association 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. Barony Housing Association participates in a defined benefit pension scheme arrangement with the Lothian Pension Fund ("LPF"). The Lothian Pension Fund is administered by the City of Edinburgh Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. Both the SPF and LPF ("the Funds") provide benefits based on final pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of both Funds are held separately from those of the participating Associations.

Glasgow Housing Association and Barony Housing Association account for participation in the Funds in accordance with FRS 102 which requires disclosures presented for both the current and comparative period. FRS 102 also requires that quoted securities are valued at their current bid-price rather than their mid-market value.

The 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

2. Accounting policies (continued)

liability. Glasgow Housing Association's share of the SPF and Barony Housing Association's share of the LPF pension fund surplus (to the extent that it is recoverable) or deficit is recognised in full. The assumptions used in valuing the defined benefit pension arrangements result in a pension asset being recongised on the Statement of Financial Position, on the basis that the future level of employers contributions so as to match the required funding level for the scheme. The pension asset would be realised in line with the assumptions relating to longevity. The movement in the Funds' surplus / deficit is split between operating charges, finance items and in the Statement of Comprehensive Income under actuarial gain or loss on pension schemes.

Cube Housing Association, West Lothian Housing Partnership, Loretto Housing Association, Loretto Care and Dunedin Canmore Enterprise 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 Dunedin Canmore members transferring on 1 April 2014 and Cube and West Lothian members transferring on 1 September 2014. Following the transfer of the operations of Dunedin Canmore Enterprise on 30 March 2017, Dunedin Canmore Housing became the participating employer in SHAPS in place of Dunedin Canmore Enterprise. Retirement benefits to employees 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 Salvus Master Trust is available to employees in certain subsidiaries of the Group.

Fixed assets – social housing properties

In accordance with SORP 2014, 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 ("EUV-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 until 2019/20, and consequently has limited investment expenditure attached to it.

The cost of properties is their purchase price together with the cost of capitalised improvement

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

2. Accounting policies (continued)

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.

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:

	Economic Life
Land	not depreciated
Bathrooms	24-25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12-15 yrs
Internal works and common areas	20 yrs
Kitchens	15-20 yrs
Mechanical, Electrical and Plumbing	25-30 yrs
Structure and roofs	50-75 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 are held at cost and are not depreciated. They are transferred to completed properties when ready for letting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

2. Accounting policies (continued)

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.

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.

Housing Association Grant and other capital grants

Housing Association Grant ("HAG") is received from central government and local authorities and is utilised to subsidise the costs of housing properties.

HAG 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. HAG 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

2. Accounting policies (continued)

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:

	Economic Life
Office premises (valuation)	40 yrs
Combined Heat and Power plant (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 on a regular basis to ensure the carrying amount does not differ materially from the fair value at the end of the reporting period. Valuations are carried out at least every 5 years.

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.

Taxation

As charities, Glasgow Housing Association Limited, Cube Housing Association Limited, West Lothian Housing Partnership Limited, Loretto Housing Association Limited, Loretto Care Dunedin Canmore Housing Limited and Barony Housing Association Limited 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. VAT on Glasgow Housing Association refurbishment works expenditure included in the development works agreement with Glasgow City Council is substantially recoverable. Expenditure on these works is shown net of VAT.

Development Agreement

Glasgow Housing Association has entered into agreements with Glasgow City Council whereby the undertaking of catch-up repairs and improvement works remained with the City Council, with that obligation sub-contracted to Glasgow Housing Association. This has been shown on the Group's Statement of Financial Position as a debtor offset by a provision of an equal amount. As work progresses, both amounts will be reduced by the appropriate amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

3. Particulars of turnover, operating costs and operating surplus

Group

	2018				2017
	Turnover	Operating Costs	Other income and gains	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£ 000	£ 000	£ 000	£ 000	£ 000
Social lettings (note 4)	250,514	(180,061)	-	70,453	46,463
Other activities (note 5)	54,037	(64,047)	-	(10,010)	(13,086)
Other income and gains (note 9)	-	-	1,759	1,759	12,904
Total	304,551	(244,108)	1,759	62,202	46,281
Total for previous reporting period	275,729	(242,352)	12,904	46,281	

Company

	2018			2017
	Turnover	Operating Costs	Operating surplus	Operating surplus
	£ 000	£ 000	£ 000	£ 000
Other activities (note 5)	242	(242)	-	-
Total	242	(242)	-	-
Total for previous reporting period	2,820	(2,820)	-	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (continued)

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

Group

	General Needs	Supported Housing	Shared Ownership	2018 Total	2017 Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Rent receivable net of service charges	200,260	7,778	1,020	209,058	204,285
Service charges	3,499	1,536	77	5,112	5,553
Gross income from rents and service charges	203,759	9,314	1,097	214,170	209,838
Less rent losses from voids	(1,423)	(253)	-	(1,676)	(1,403)
Net income from rents and service charges	202,336	9,061	1,097	212,494	208,435
Grants released from deferred income	37,220	324	-	37,544	13,308
Revenue grants from Scottish Ministers	-	361	-	361	416
Other revenue grants	115	-	-	115	81
Total turnover from social letting activities	239,671	9,746	1,097	250,514	222,240
Management and maintenance administration costs	53,022	2,818	1,018	56,858	57,753
Service costs	5,783	1,385	8	7,176	6,606
Planned and cyclical maintenance including major repairs costs	20,740	708	-	21,448	20,142
Reactive maintenance costs	33,804	896	-	34,700	34,191
Bad debts – rents and service charges	1,774	64	-	1,838	2,062
Depreciation of social housing	55,986	2,024	31	58,041	55,023
Operating costs from social letting activities	171,109	7,895	1,057	180,061	175,777
Operating surplus from social lettings	68,562	1,851	40	70,453	46,463
Operating surplus from social lettings for the previous reporting period	45,195	1,206	62	46,463	

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 2018 (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	2018 Operating Surplus /(Deficit) £ 000	2017 Operating Surplus /(Deficit) £ 000
Wider role activities to support the community	-	431	-	431	(9,468)	(9,037)	(8,870)
Care activities	519	2,434	10,583	13,536	(13,123)	413	68
Factoring	-	12,660	-	12,660	(11,014)	1,646	1,481
Investment Property	-	12,318	-	12,318	(3,083)	9,235	8,760
Support activities	2,309	605	1,480	4,394	(5,705)	(1,311)	(927)
Owners' improvement activities	-	1,684	-	1,684	(2,521)	(837)	(920)
Demolition activities	-	-	-	-	(1,260)	(1,260)	(5,855)
Other income	-	8,978	-	8,978	(2,257)	6,721	5,343
Depreciation – Non Social Housing	-	-	-	-	(7,604)	(7,604)	(7,119)
Organisation Restructuring	-	-	-	-	(7,675)	(7,675)	(3,587)
Development & Construction of Property Activities	-	36	-	36	(337)	(301)	(1,460)
Total from other activities	2,828	39,146	12,063	54,037	(64,047)	(10,010)	(13,086)
Total from other activities for the previous reporting period	826	51,887	776	53,489	(66,575)	(13,086)	

Company

	Grants From Scottish Ministers £ 000	Other Revenue £ 000	Supporting People Income £ 000	Total Turnover £ 000	Total Operating Costs £ 000	2018 Operating Surplus £ 000	2017 Operating Surplus £ 000
Provision of Group services	-	242	-	242	(242)	-	-
Total from other activities	-	242	-	242	(242)	-	-
Total from other activities for the previous reporting period	-	2,820	-	2,820	(2,820)	-	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

6. Board members' emoluments

Board members received emoluments of £204,001 (2017: £159,581) 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 to the following Board members.

	2018 £	2017 £
Alastair MacNish	30,000	27,000
Jo Armstrong	11,500	10,000
Mike Blyth	15,000	13,000
Patrick Gray	11,500	-
Sheila Gunn	18,500	17,000
Bernadette Hewitt	18,500	8,248
John Hill	11,500	10,000
Ronnie Jacobs	15,000	13,000
Peter Kelly	11,500	10,000
Martin Kelso	11,500	8,333
Elizabeth Walford	15,000	13,000
Thomas Mitchell (part year)	6,709	10,000
James Muir	11,500	10,000
Mary Mulligan (part year)	4,792	-
Kate Willis	11,500	10,000
	204,001	159,581

In addition, £5,689 (2017: £4,870) was paid to Board members for reimbursement of expenses.

7. Officers' emolutments

	2018 £ 000	2017 £ 000
Aggregate emoluments payable to key management (including pension contributions and benefits in kind)	1,276	1,156
Emoluments payable to the highest paid key management	269	250
Employer pension contributions	48	46
Total emoluments payable to the highest paid key management	317	296

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

	2018	2017
More than £30,000 but not more than £40,000	-	1
More than £60,000 but not more than £70,000	-	2
More than £100,000 but not more than £110,000	-	1
More than £150,000 but not more than £160,000	1	3
More than £160,000 but not more than £170,000	4	-
More than £250,000 but not more than £260,000	-	1
More than £260,000 but not more than £270,000	1	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

7. Officers' emoluments (continued)

The senior officers are defined for this purpose as the Chief Executive and any person reporting directly to the Chief Executive earning at the rate of over £60,000 per annum. Emoluments include relocation expenses where appropriate.

The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff.

There were six senior officers in post at 31 March 2018. Key management personnel in the year were as follows:

Martin Armstrong	Group Chief Executive
Olga Clayton	Group Director of Housing and Care
Elaine Melrose	Group Director of Resources
Graham Isdale	Group Director of Corporate Affairs
Steven Henderson	Group Director of Finance
Tom Barclay	Group Director of Property and Development

8. Employees

In the year to 31 March 2018, the average full time equivalent number of employees of the Group, including senior officers, was 2,600 (2017: 2,460). No staff are directly employed by the Company.

Group	**2018** **£ 000**	**2017** **£ 000**
Staff costs (for the above persons)		
Wages and salaries	67,865	66,308
Social security costs	7,016	6,987
Employer's pension costs	9,867	9,574
FRS 102 Pension adjustment	3,068	526
	87,816	83,395

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

9. Other income and gains

	2018	2017
	£ 000	£ 000
Gain on revaluation of investment property:	1,759	2,800
Barony Housing Association Ltd		
Fair value of net assets acquired	-	10,104
Consideration	-	-
Gain on business combination	-	10,104
Total other income and gains	1,759	12,904

10. Gain on disposal of fixed assets

This represents net income from the sale of properties under tenants' Right-to-Buy ("RTB") entitlement and from other property disposals including Shared Ownership sales.

Group	2018	2017
	£ 000	£ 000
Right-to-Buy		
Proceeds from disposal of properties	12,276	11,560
Value of properties disposed	(8,576)	(8,412)
Surplus on sale of fixed assets	3,700	3,148
Other properties (including shared ownership)		
Proceeds from disposal of properties	1,167	161
Value of properties disposed	(1,489)	(153)
(Deficit)/surplus on sale of fixed assets	(322)	8
Total gain on disposal of fixed assets	3,378	3,156

11. Finance income

Group	2018	2017
	£ 000	£ 000
Bank interest receivable on deposits in the year	35	262
Net return on pension asset	667	1,169
Total	702	1,431

12. Finance charges

Group	2018	2017
	£ 000	£ 000
Interest payable	55,997	50,965
Other financing costs	2,900	2,282
Net cost on pension	140	261
Total	59,037	53,508

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

12. Finance charges (continued)

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

Interest of £3.6m (2017: £2.0m) has been capitalised at a weighted average interest rate of 5.10% (2017: 5.56%) . The rate is specific to the funding drawn in the year and invested in housing under construction.

13. Tax on surplus on ordinary activities

Group	**2018** **£000**	**2017** **£000**
Total tax expense recognised in the Statement of Comprehensive Income:		
Current tax:		
Current tax on income for the year	134	-
Adjustment in respect of prior periods	(101)	64
	33	64
Deferred tax:		
Origination and reversal of timing differences	266	138
Effects of changes in tax rates	(28)	(43)
Adjustment in respect of prior periods	(108)	-
	130	95
Total Tax	163	159

The Company has no tax charge for the year (2017: nil).

The charitable status of Glasgow Housing Association, Dunedin Canmore Housing, Cube Housing Association, West Lothian Housing Partnership, Loretto Housing Association and Barony Housing Association 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

13. Tax on surplus on ordinary activities (continued)

Factors affecting the tax charge for the current period

Group	2018 £000	2017 £000
Reconciliation of effective tax rate		
Surplus/(deficit) for the year	6,799	(1,764)
Total tax expense	163	159
Surplus/(deficit) excluding taxation	6,962	(1,605)
Tax using the UK corporation tax rate of 19% (2017: 20%)	1,323	(321)
Effects of:		
Charitable surpluses not subject to tax	(644)	612
Qualifying charitable donations	(376)	(308)
Under provision in prior year	(105)	64
Expenses not deductible	363	252
Tax rate changes	(28)	(42)
Effect of indexation allowance on chargeable gains	(370)	(98)
Total tax expense included in Statement of Comprehensive Income	163	159

The Company has no tax charge for the year (2017: nil).

14. Auditor's remuneration

	2018	2017
The remuneration of the auditor (excluding VAT) is as follows:	£'000	£'000
Audit of these financial statements	13	13
Audit of financial statements of subsidiaries pursuant to legislation	160	158
Other audit related services	8	8

15. Financial commitments

Capital commitments

All capital commitments of the Group were as follows:

Group	2018 £000	2017 £000
Expenditure contracted for, but not provided in the financial statements	78,614	78,633
Expenditure authorised by the Board but not contracted	152,457	81,408
	231,071	160,041

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

15. Financial commitments (continued)

Operating leases

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

Group	2018 Land and Buildings	2018 Other	2017 Land and Buildings	2017 Other
	£000	£000	£000	£000
Operating lease payments due:				
Within one year	1,083	15	1,221	55
In the second to fifth years inclusive	2,138	45	2,589	33
Over five years	65	21	108	-
	3,286	81	3,918	88

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 2018 (continued)

16. Fixed assets – Social Housing Properties

Group	Core Stock £ 000	Housing Under Construction £ 000	Shared Owner-ship £ 000	Total £ 000
At Valuation				
At 1 April 2017	1,451,355	82,449	17,600	1,551,404
Additions	69,494	117,485	-	186,979
Disposals	(9,071)	-	(777)	(9,848)
Transfers	66,229	(90,393)	-	(24,164)
Revaluation	23,814	-	536	24,350
At 31 March 2018	1,601,821	109,541	17,359	1,728,721
Depreciation				
At 1 April 2017	-	-	-	-
Charge for year	(57,716)	-	(325)	(58,041)
Disposals	59	-	41	100
Revaluation	57,657	-	284	57,941
At 31 March 2018	-	-	-	-
Net Book Value - valuation				
At 31 March 2018	1,601,821	109,541	17,359	1,728,721
At 31 March 2017	1,451,355	82,449	17,600	1,551,404
Net Book Value – historic cost equivalent				
At 31 March 2018	1,972,181	109,541	22,763	2,104,485
At 31 March 2017	1,903,186	82,449	23,824	2,009,459

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 £3.6m (2017: £2.0m). Interest has been capitalised at the weighted average interest cost for the Group of 5.10% (2017: 5.56%), which is the rate specific to the funding drawn and used to invest in housing under construction. 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 for 2018/19. The demolition programme identifies 122 properties for demolition over the next few years, with no long term investment expenditure associated with these properties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

16. Fixed assets – Social Housing Properties (continued)

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.

Social housing properties have been valued by Jones Lang LaSalle, an independent professional advisor 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 RCIS at 31 March 2018 on an Existing Use Valuation for Social Housing EUV-SH. A discount rate of between 5.75% - 6.50% (2017: between 5.75% - 6.50%) was used for retained stock dependant on the archetype. The valuation assumes a rental income increase of RPI + 0.5% for retained stock for the next 3 years, in line with the Group's 30-year Business Plan (2018/19). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

During the year the Group disposed of 311 properties (2017: 232 properties) to tenants under Right to Buy entitlements. These properties were valued at £8.576m during the year (2017: £6.495m).

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

	2018	2017
Social Housing		
General needs	48,000	47,705
Shared ownership	385	393
Supported housing	1,690	1,719
Housing held for long-term letting	50,075	49,817
Housing approved/planned for demolition	122	311
Total Units	50,197	50,128

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

17. Fixed assets - other tangible fixed assets

Group	Community Infra-structure	Office Premises £ 000	Combined Heat and Power £ 000	Furniture, fittings and equipment £ 000	Computer Equipment £ 000	Total £ 000
Cost						
At 1 April 2017	7,143	17,728	5,778	27,081	41,313	99,043
Additions	1,619	982	-	839	3,820	7,260
Disposals	-	-	-	(73)	(1,308)	(1,381)
At 31 March 2018	8,762	18,710	5,778	27,847	43,825	104,922
Depreciation						
At 1 April 2017	(179)	(1,165)	(2,909)	(17,447)	(29,950)	(51,650)
Charge for year	(398)	(796)	(108)	(3,263)	(3,039)	(7,604)
Disposals	-	-	-	57	1,308	1,365
At 31 March 2018	(577)	(1,961)	(3,017)	(20,653)	(31,681)	(57,889)
Net Book Value						
At 31 March 2018	8,185	16,749	2,761	7,194	12,144	47,033
At 31 March 2017	6,964	16,563	2,869	9,634	11,363	47,393

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

18. Investment properties

Investment properties

Group	Properties held for market rent £ 000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2017	136,614	11,684	148,298
Additions	5,698	-	5,698
Transfers	24,164	-	24,164
Disposals	(413)	-	(413)
Revaluation	1,759	-	1,759
At 31 March 2018	167,822	11,684	179,506
Net Book Value			
At 31 March 2018	167,822	11,684	179,506
At 31 March 2017	136,614	11,684	148,298

Market rent properties were valued at market value subject to tenancy (MV-T) by an independent professional adviser, Jones Lang LaSalle, on 31 March 2018.

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

	2018	2017
Market Rent Properties		
Total Units	1,591	1,349

Commercial properties were valued by an independent professional advisor, Jones Lang LaSalle, on 31 March 2017 in accordance with the appraisal and valuation manual of the RICS. Commercial properties are subject to valuation at least every five years.

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 2018 (continued)

Note 18 (continued)

Investment in joint venture

Group	2018 £'000	2017 £'000
Investment in joint venture	37	-

The Group became a 50:50 joint venture partner in City Building (Glasgow) LLP on 1 April 2017, with an initial investment of £500. 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.

19. Debtors

Group	2018 £ 000	2017 £ 000
Due in more than one year:		
Development agreement	57,610	75,097
Other debtors	-	-
	57,610	75,097
Due within one year:		
Arrears of rent and service charges	13,327	13,359
Adjustment to discount arrears balances with payment plans	(75)	(74)
Less: provision for bad and doubtful debts	(2,742)	(2,827)
	10,510	10,458
Prepayments and accrued income	6,375	5,871
Other debtors	9,059	13,827
Total	83,554	105,253

Included in debtors is a balance of £57.6m (2017: £75.1m) in respect of the expected cost of the development work that Glasgow City Council has committed to undertake in order to refurbish the housing properties transferred. The Council has sub-contracted Glasgow Housing Association to carry out the programme of catch-up repairs to the residential accommodation as part of a development agreement. This balance relates to the identical provision in the accounts for this expenditure (note 22) and as work progresses both of these balances will be utilised when the work is actually undertaken.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

20. Creditors: amounts falling due within one year

Group	2018 £ 000	2017 £ 000
Amounts falling due within one year:		
Trade creditors	6,301	7,817
Accruals	50,402	34,013
Deferred income	47,125	33,378
Rent and service charges received in advance	16,286	7,917
Salaries, wages, other taxation and social security	2,489	1,581
Corporation tax	203	58
Housing loans	250	200
Other creditors	7,769	4,955
Total	130,825	89,919

Company	2018 £ 000	2017 £ 000
Amounts falling due within one year:		
Trade creditors	-	-
Accruals	-	-
Corporation tax payable	-	-
Amounts due to Group undertakings	2	15
Total	2	15

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

Group	2018 £000	2017 £000
Scottish Government loan	29,187	27,315
Housing loans - bank facilities	692,708	697,131
Housing loans - bond finance	298,844	298,796
Housing loans - private note placement	99,615	-
Deferred income	26,914	24,871
Other creditors	1,363	3,303
Total	1,148,631	1,051,416

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

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

The Scottish Government made available to Glasgow Housing Association £100.0m of contingent efficiencies grant over an eight year period. Under this agreement £100.0m (2017: £100.0m) has been received and this is an interest-free loan with repayment due in 2040/41. The amount due of £29.2m at 31 March 2018 is the measurement of the liability after discounting for an equivalent interest bearing arrangement with the same repayment date.

Housing Loans
Registered Social Landlord's borrowing arrangements are in place via a Group funding structure which consists of bank and capital markets debt, secured on charged properties owned by RSLs within the Wheatley Housing Group. RSL Group funding was made up of a committed facility of £668.3m from a syndicate of commercial banks, a committed facility of £104.2m from the European Investment Bank, a committed facility of £100m with HSBC, £300m raised through the issue of a public bond and £100m private placement loan notes managed by BlackRock Real Assets. This provided total facilities of £1,272.5m for the RSL borrowing group through Wheatley Funding No1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Ltd. The RSL borrowing group comprises Glasgow Housing Association, Cube Housing Association, West Lothian Housing Partnership, Dunedin Canmore Housing, Barony Housing Association and Loretto Housing Association.

Additional facilities are provided through direct loans with certain group companies: committed facilities from The Housing Finance Corporation of £16.5m (Dunedin Canmore Housing) and a £5m facility with Amber Green Spruce (Cube Housing Association).

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

A further £50.0m facility is available to Lowther Homes Ltd provided through Wheatley Funding No.2 Ltd. A total of £20.66m has been drawn down from this facility at 31 March 2018.

Borrowings are repayable as follows:	2018 £ 000	2017 £ 000
In less than one year	250	200
In less than five years and more than one year	-	-
In more than five years	1,091,167	995,927
	1,091,417	996,127

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

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

The deferred income balance is made up as follows:

	Housing Association Grant £ 000	Other £ 000	Total Deferred Income £ 000
Deferred income as at 1 April 2017	51,530	6,719	58,249
Additional income received	50,978	4,345	55,323
Released to the Statement of Comprehensive Income	(37,055)	(2,478)	(39,533)
Deferred income as at 31 March 2018	65,453	8,586	74,039

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:	**2018 £ 000**	**2017 £ 000**
In less than one year (note 20)	47,125	33,378
In more than one year but less than five years	26,914	24,871
In more than five years	-	-
	74,039	58,249

Financial instruments

Financial assets:	**2018 £'000**	**2017 £'000**
Measured at amortised cost:		
Debtors and accrued income	25,944	30,156
Total	25,944	30,156

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

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

	2018 £ 000	2017 £ 000
Financial liabilities:		
Measured at amortised cost:		
Creditors, accruals and deferred income	158,852	117,893
Bank loans	1,091,417	996,127
	1,250,269	1,114,020
Measured at fair value:		
Scottish Government loan	29,187	27,315
Total	1,279,456	1,141,335

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

22. Provisions for liabilities and charges

Group	Development Agreement £ 000	Insurance £ 000	Deferred tax £000	Total £ 000
At 1 April 2017	75,097	711	492	76,300
Created	-	-	130	130
Utilised	(17,487)	(175)	-	(17,662)
At 31 March 2018	57,610	536	621	58,767

Development Agreement

The provision represents the best estimate of the costs of contracted works for the repair of managed properties in 2003 less the cost of repairs carried out since that date. This agreement is part of the Development Agreement between Glasgow Housing Association and Glasgow City Council and as work progresses the provision will be utilised when the work is actually undertaken.

Insurance

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

23. 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 2018.

24. Pensions

Strathclyde Pension Fund

The Group subsidiary Glasgow Housing Association Limited participates in the Strathclyde Pension Fund ("SPF") which is administered by Glasgow City Council and is a defined benefit scheme. The assets of the scheme are held separately from those of the Association with investments under the overall supervision of the Fund Trustees.

The latest full actuarial valuation was carried out as at 31 March 2017. The next full actuarial valuation is due as at 31 March 2020.

Lothian Pension Fund

Barony Housing Association Limited participates in the Lothian Pension Fund which is administered by Edinburgh City Council and is a defined benefit scheme. The assets of the scheme are held separately from those of the Association with investments under the overall supervision of the Fund Trustees.

The latest full actuarial valuation was carried out as at 31 March 2017. The next full actuarial valuation is due as at 31 March 2020.

Pensions Trust Scottish Housing Association Pension Scheme

Cube Housing Association, West Lothian Housing Partnership, Loretto Housing Association, Loretto Care and Dunedin Canmore Housing participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") defined benefit section. This is a multi-employer defined benefit scheme and is funded and contracted out of the State Pension Scheme. Loretto Housing Association Limited transferred to the SHAPS Defined Contribution scheme with effect from 1 July 2013, Cube Housing Association and West Lothian Housing Partnership transferred with effect from 1 September 2014 and Dunedin Canmore transferred on 1 April 2014.

The Trustee commissions an actuarial valuation of the Scheme every three years, with the last formal valuation of the Scheme being carried out at 30 September 2015.

The scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. FRS 102 requires the disclosure of the Group's

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

24. Pensions (continued)

share of the assets and liabilities of the scheme within the financial statements and an evaluation of the scheme assets and liabilities has been carried out by an independent actuary as at 31 March 2018.

Following consideration of the results of the last valuation at 30 September 2015, the shortfall in the scheme reduced from £304m to £198m. It was agreed that this would continue to be dealt with by the payment of additional contributions. These were previously set at 5.4% of pensionable salaries per annum with effect from 1st April 2014 for a period of 13 years and following the most recent valuation, the period over which the past service deficit contributions are payable has been shortened by 5 years to 8 years. Past service deficit contributions continue to increase each 1st April at a rate of 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Wheatley Housing Group Defined Contribution Scheme

The Group also operates a defined contribution scheme through the Salvus Master Trust. These arrangements are open to all employees who are not members of the Strathclyde Pension Fund, Lothian 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

24. Pensions (continued)

	31 March 2018	31 March 2017
Discount rate	2.7%	2.8%
Future salary increases	*2.0%	2.0%
Inflation	2.2%	2.3%

* Salary increases are assumed to be 2.1% p.a for 2018/19 and 2.0% thereafter.

In valuing the liabilities of the pension fund at 31 March 2018, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.4 years (male) (2017: 22.1 years), 23.7 years (female) (2017: 23.6 years).
- Future retiree upon reaching 65: 23.4 years (male) (2017: 24.8 years), 25.8 years (female) (2017: 26.2 years).

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

The information disclosed below is in respect of the whole of the plans for which 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 2018 £ 000	LPF 2018 £ 000	SHAPS 2018 £ 000
Opening defined benefit obligation	**379,638**	**19,591**	**62,708**
Current service cost	11,528	509	-
Interest cost	10,708	551	1,730
Loss on curtailment	535	30	-
Actuarial (gains)/losses	(5,996)	32	2,862
Contributions by members	2,369	88	-
Estimated benefits paid	(8,246)	(450)	(1,875)
Closing defined benefit obligation	**390,536**	**20,351**	**65,425**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

24. Pensions (continued)

Movements in fair value of plan assets

	SPF 2018 £ 000	LPF 2018 £ 000	SHAPS 2018 £ 000
Opening fair value of plan assets	**403,580**	**21,818**	**53,654**
Expected return on plan assets	11,315	611	1,501
Actuarial gains/(losses)	1,423	(1,254)	2,179
Contributions by the employer	7,504	403	1,891
Contributions by the members	2,369	88	-
Estimated benefits paid	(8,246)	(450)	(1,875)
Administration costs	-	-	(56)
Closing fair value of plan assets	**417,945**	**21,216**	**57,294**

	SPF Value at 31 March 2018 £ 000	LPF Value at 31 March 2018 £ 000	SHAPS Value at 31 March 2018 £ 000
Present value of funded defined benefit obligations	(390,247)	(20,351)	(65,425)
Present value of unfunded defined benefit obligations	(289)	-	-
Fair value of plan assets	417,945	21,216	57,294
Net asset/(liability)	27,409	865	(8,131)

Expense recognised in the Statement of Comprehensive Income

	SPF 2018 £ 000	LPF 2018 £ 000	SHAPS 2018 £ 000
Current service cost	11,528	509	-
Losses on settlements or curtailments	535	30	-
Net interest on defined benefit obligation	(607)	(60)	140
Administration costs	-	-	56
	11,456	479	196

The expense is recognised in the following line items in the Statement of Comprehensive Income

	2018 £ 000	2017 £ 000
Operating costs	(244,108)	(242,352)
Finance income	702	1,431
Finance charges	(59,037)	(53,508)

The total amount recognised in the Statement of Comprehensive Income in respective of actuarial gains and losses is £5.450m gain (2017: £7.083m loss).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

24. Pensions (continued)

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

	2018 £ 000	2017 £ 000
Equities	318,787	315,903
Corporate bonds	103,346	62,103
Property	49,751	72,227
Alternatives	18,334	12,877
Cash	6,237	25,942
	496,455	479,502
Actual return on plan assets	15,775	92,359

25. 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 of Glasgow Housing Association and have tenancies or factoring agreements that are on the Association's normal terms and they cannot use their positions to their advantage:

Bernadette Hewitt
Kate Willis

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

	2018 £ 000
Rent charged during the year	9
Arrears balances outstanding at 31 March 2018	-

Other related parties

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

25. Related party transactions (continued)

	Invoiced in the year £ 000	Year end balance £ 000
2018		
City Building (Glasgow) LLP	70,799	(8,252)
Bernadette Hewitt - Transforming Communities Glasgow	2	-
Bernadette Hewitt - Barmulloch Community Development	7	-
Kate Willis - Scotcash CIC	(1)	-

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

From 1 April 2017, the Group acquired a 50% interest in City Building (Glasgow) LLP ("CBG") under a 50:50 joint venture arrangement with Glasgow City Council. The joint venture provides repairs and investment services to the Group subsidiaries in the West of Scotland.

During the year GHA held nomination rights to a directorship of Transforming Communities: Glasgow ("TC:G"). Bernadette Hewitt serves as a GHA nominated director on the board of TC:G.

During the year GHA held nomination rights to a directorship of Scotcash CIC. These rights allow GHA to nominate up to two directors to the board of Scotcash with Kate Willis serving on the board during the year.

The Wheatley Housing Group Limited has a 50:50 share in City Buiolding (Glasgow) LLP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

26. Cash Flow Analysis

Reconciliation of surplus to net cash inflow from operating activities

	2018 £ 000	2017 £ 000
Surplus/(deficit) for the year	6,799	(1,764)
Less: gain on Barony partnership	-	(10,104)
	6,799	(11,868)
Depreciation of tangible fixed assets	65,645	61,851
Decrease in stock	60	25
Decrease in debtors	2,418	2,965
Increase/(decrease) in creditors and provisions	26,413	(10,931)
Pensions costs less contributions payable	2,860	(331)
Adjustment for investing or financing activities:		
Gain from the sale of tangible fixed assets	(3,378)	(3,156)
Grants utilised in the year	(39,533)	(20,755)
Interest receivable	(702)	(1,431)
Interest payable	59,037	53,508
Movement in fair value of financial instruments	320	(1,035)
Gain on investment activities	(1,759)	(2,800)
Share of joint vernture profit	(37)	-
Net cash inflow from operating activities	118,143	66,042

27. Subsidiary and associated undertakings

The ultimate parent company is Wheatley Housing Group Limited. The Company has fourteen immediate subsidiaries – Glasgow Housing Association Limited, Cube Housing Association Limited, West Lothian Housing Partnership Limited, Loretto Housing Association Limited, Glasgow Housing Association (Funding) Limited ("GFL"), Wheatley Funding No.1 Limited, Wheatley Funding No.2 Limited, Wheatley Enterprises Limited, Lowther Homes Limited, YourPlace Property Management Limited, Dunedin Canmore Housing Limited, Barony Housing Association Limited, Wheatley Foundation and Wheatley Solutions Limited. Loretto Care is a subsidiary of Loretto Housing Association 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 Registered Social Landlords in the Group. Wheatley Funding No.1 Limited is the parent of Wheatley Group Capital plc, the vehicle for raising bond financing. Financing services were previously provided to GHA by Glasgow Housing Association (Funding) Limited prior to the funding re-structure. Wheatley Enterprises Limited is a non-trading holding company overseeing commercial activity which, through YourPlace Property Management Limited, delivers factoring services to homeowners. Lowther Homes Limited is involved in investment property acquisition and offers its properties for private and mid-market rent. Wheatley Funding No.2 Limited provides finance to Lowther Homes Limited. YourPlace Property Management Limited is non-trading.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

27. Subsidiary and associated undertakings (continued)

On 1 April 2017, Wheatley Housing Group Limited became 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.

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. GHA has provided start-up funding to Scotcash and has no outstanding obligations.

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
The Glasgow Housing Association Limited	Co-operative and Community Benefit Society	9 x £1 shares
Cube Housing Association Limited	Co-operative and Community Benefit Society	228 x £1 shares
Dunedin Canmore Housing Limited	Co-operative and Community Benefit Society	80 x £1 shares
The Glasgow Housing Association (Funding) Limited	Company Limited by Guarantee	No share capital
Wheatley Funding No.1 Limited	Company Limited by Guarantee	No share capital
Wheatley Funding No.2 Limited	Company Limited by Guarantee	No share capital
Wheatley Enterprises Limited	Company Limited by Shares	100 x £1 ordinary shares
Lowther Homes Limited	Company Limited by Shares	100 x £1 ordinary shares
YourPlace Property Management Limited	Company Limited by Shares	1 x £1 ordinary shares
Loretto Housing Association Limited	Co-operative and Community Benefit Society	282 x £1 shares
West Lothian Housing Partnership Limited	Company Limited by Guarantee	No share capital
Barony Housing Association Limited	Co-operative and Community Benefit Society	60 x £1 shares
Wheatley Solutions Limited	Company Limited by Shares	100 x £1 shares
The Wheatley Foundation Limited	Company Limited by Guarantee	No share capital

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

27. 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.

SUPPLEMENTARY INFORMATION

Secretary and Registered Office

Anthony Allison
Wheatley Housing Group Limited
Wheatley House
25 Cochrane Street
Glasgow G1 1HL

Independent Auditor

KPMG LLP
319 St Vincent Street
Glasgow G2 5AS

Bankers

Royal Bank of Scotland
Glasgow Corporate Office
Kirkstane House
139 St Vincent Street
Glasgow G2 5JF

BOARD MEMBERS

Alastair MacNish OBE – Non-Executive Chairman

Alastair spent his career in local government, initially in finance as a Chartered Accountant and then five years as the Chief Executive of South Lanarkshire Council - Scotland's third largest local authority at the time. He was formerly the Chairman of the Accounts Commission and Audit Scotland and has advised the Scottish Government on a wide range of issues, including chairing the Leadership Advisory Panel on Local Government Leadership Capacity and providing expert evidence to the Scottish Parliament Local Government and Communities Committee on budget setting.

Sheila Gunn – Non-Executive Vice-Chair

A qualified solicitor, holding a LLB (Hons) from the University of Glasgow, Sheila worked in legal private practice for 23 years as a partner and Head of Employment at leading Scottish legal firm Shepherd & Wedderburn. She has provided counsel to the Boards of leading UK companies, and has also worked in the housing sector, having advised a number of Housing Associations, as well as conducting investigations into other housing associations requested by the Scottish Housing Regulator.

Sheila holds appointments as a member of the Council of the Chartered Banker Institute, a member of the Ethics Committee of ICAS, is a member of the Accounts Commission and Chairs Wheatley Solutions Limited.

Elizabeth Walford – Non-Executive Director

Liz, who holds a MA (Cantab) from the University of Cambridge, has held a number of executive positions within the housing sector in England. She retired as the Group Chief Executive of Walsall Housing Group in 2009 following five years in the post. Liz has extensive experience of business transformation and change, having supported significant change programmes and provided expert governance advice and support as a regulatory appointee on a number of housing provider Boards.

Liz is the Chair of YourPlace and also serves on the Board of Shropshire Housing Group Limited.

Mike Blyth – Non-Executive Director

Mike, who holds a BSc from the University of St Andrews, is a Chartered Accountant. He was a partner for 30 years in RSM (formerly Baker Tilly) where he held a number of senior management positions both locally and nationally. In addition, he headed up the not-for-profit group in the West of Scotland and, as such, provided audit and advisory services to a wide range of Registered Social Landlords the length and breadth of Scotland.

Mike holds an appointment as a Non Executive Director and immediate past Chairman of Anglo Pacific Group plc.

Ronnie Jacobs – Non-Executive Director

Ronnie is a qualified surveyor and has over 30 years' experience in the private housing sector, in particular new build development. He has held a number of senior positions in the private housing sector, including Managing Director of Persimmon Homes and Miller Homes in Scotland and he recently retired as Scottish Regional Chairman of Miller Homes. Ronnie has advised the Scottish

BOARD MEMBERS (continued)

Government on housing as part of the Housing Supply Task Force and has served on the Board of Homes For Scotland.

Ronnie is the Chair of Lowther Homes and a director of Transforming Communities: Glasgow. He holds an appointment as a director of Etive Technologies.

Jo Armstrong – Non-Executive Director

An independent business economist with an extensive professional career spanning financial services (in both London and Edinburgh, oil and gas and the Scottish civil service.

Currently, Jo has been appointed a Member of the Water Industry Commission for Scotland (Scotland's independent economic water regulator); is the Economist in OFGEM's Expert Panel for its Low Carbon Innovation Fund; and, is a Non-Executive Director of Social Investment Scotland (the charity and social enterprise that provides loans to social enterprises across Scotland).

Previously Jo was the Budget Advisor to the Scottish Parliament's Economy, Energy and Tourism Committee and the Local Government Committee.

Jo is an Honorary Professor of Public Policy at the Adam Smith Business School at Glasgow University; a Fellow of the Institute of Directors and a Fellow of the Royal Society of Arts. She holds two degrees in economics from the University of Strathclyde.

Kate Willis – GHA Appointee

A GHA tenant, Kate has significant experience in community development, capacity building and regeneration. Her contribution to her community was recognised in 2010 when she won the 'Inspirational Board Member of the Year' at the 2010 Housing Heroes Awards, by Inside Housing and the Chartered Institute of Housing. Kate works for the Castlemilk Timebank.
Kate is a Board member of Glasgow Housing Association Limited and Chairs its North West and South Area Committees and is a director of Scotcash. She holds an appointment as a director of the Castlemilk and Carmunnock Community Windpark Trust.

Peter Kelly – Co-opted Director

Peter is a Banking Partner at Scotland's largest law firm, Brodies LLP, and holds both a LLB (Hons) and BAcc from the University of Glasgow. He acts for lenders and borrowers in leveraged, real estate and corporate finance transactions. Peter also specialises in healthcare, renewables and third sector deals and is recognised as a ranked individual for Banking and Finance by Chambers & Partners. Peter is the Chair of Cube Housing Association Limited and holds appointments as a Non-Executive director of Balhousie Holdings Limited and as the company secretary of Applecross.

John Hill – Co-opted Director

A qualified accountant, John retired having been Depute Chief Executive of West Lothian Council. He has significant experience at executive and senior management level in local government, including senior roles leading the council's operational services; housing,construction and building services; Direct Labour Organisation, and business services. John is the Chair of West Lothian Housing Partnership and has experience in Non-Executive and Board roles, including having served on the Improvement Service PSIF Board, Chairing West Lothian Recycling Ltd and as Scottish Secretary of the Association for Public Service Excellence.

BOARD MEMBERS (continued)

James Muir – Co-opted Director

James is an experienced business leader with over 20 years' experience in financial, operational and strategic roles across a range of sectors including utilities, health, financial and marine services. He is currently the Group Business Development Director at V.Group. James is co-opted to Wheatley Board from the Board of Loretto Care which he joined in 2011 and where he serves as Chair.

Martin Kelso – Co-opted Director

Martin was appointed as a director in June 2016. A Chartered Accountant, also holding a MBA from Cranfield University, he has substantial senior experience in financial, general and change management roles including Interim Strategic Finance Director of Virgin Money, Finance Director of Intelligent Finance (HBOS) and commercial lending and finance roles at Halifax. Martin currently provides expert financial and change management consultancy services across a range of sectors as well as Chairing Barony Housing Associating, a subsidiary of the Wheatley Group.

Bernadette Hewitt – Director

Bernadette joined the GHA Board in May 2014 and was elected Chair in October 2016. Bernadette is also Chair of GHA's North East Area Committee. Bernadette is a Board member of the Barmulloch Community Development Company with a strong understanding of the public funding system. She is also a Committee member of the Unity Local Housing Organisation. Bernadette joined the Wheatley Board in October 2016.

Patrick Gray – Non Executive Director

Patrick is one of the UK housing sector's most eminent figures. He is Professor Emeritus of Housing at the University of Ulster. In 2017, he was named the top "Power Player" in the UK housing sector by 24 Housing magazine. Patrick is regarded as an authority on housing strategy and social policy, nationally and internationally, having served on advisory groups for the Northern Ireland Executive, UK Government and Northern Ireland Assembly. He has had more than 300 research papers on housing-related issues published and regularly contributes to international conferences and seminars. Professor Gray is also an external examiner for housing degrees at several universities, including the University of Hong Kong. In 2010, he became the first Irish President of the UK Chartered Institute of Housing, having previously served as Vice President and Treasurer.

Mary Mulligan – Co-Opted Director

Mary is a former MSP and the Chair of Dunedin Canmore Housing. For almost 25 years she has taken an interest in, and played a part in, developing housing policy. She has worked in both the public and private sectors and has built good working relationships with partners in all sectors, including the voluntary sector. Apart from her housing experience she brings the following skills to the Board: governance, strategic view and flexibility.

Martin Armstrong – Director

Martin is the Chief Executive of Wheatley Housing Group Limited, having been appointed upon the Group's creation in 2012. He holds a BSc in Social Administration & Housing Management from the University of Ulster, a PGD in Management and is a Fellow of the Royal Institute of Chartered Surveyors. Martin has over 25 years of public sector experience with a track record in strategy formulation, performance management and business transformation. Prior to joining, initially, Glasgow Housing Association Limited, he held senior posts at West Lothian Council, including Head of Housing and Customer Services and latterly Director of Customer & Support services. Martin is also a Board member of Quality Scotland.

EXECUTIVE TEAM

Martin Armstrong, Group Chief Executive
Martin sits on the Board of Wheatley Housing Group and also leads the Group's Executive team.

Olga Clayton, Group Director of Housing and Care
Olga joined Wheatley Housing Group in September 2013, and has over 25 years' experience in Scottish social housing. As Head of Housing at North Ayrshire Council, Olga led the transformation of the service achieving an 'A' rating from the Scottish Housing Regulator, winning Quality Scotland's top award for Business Excellence and achieving COSLA's Gold award for innovation in services. Olga also has substantial experience of developing partnerships and delivering services in the care sector.

Graham Isdale, Group Director of Corporate Affairs
A former UK Board director of one of the world's largest communications companies, Graham joined Glasgow Housing Association in 2009. He was previously instrumental in building two of the biggest independent PR consultancies in the UK and has handled major crisis, issues-management and communications assignments for multi-nationals all over the world, as well as FTSE 100 companies and Government departments and agencies. Graham is also a former regional newspaper editor.

Elaine Melrose, Group Director of Resources
Elaine joined Wheatley Housing Group in September 2013 from West Dunbartonshire Council where she was an Executive Director for Housing, Environmental and Economic Development. Elaine has wide strategic experience in everything from regeneration and community planning to infrastructure investments and has led key improvement activity in organisation culture and improving competitiveness.

Steven Henderson, Group Director of Finance
Steven Henderson joined Wheatley as Director of Finance in August 2013. He previously worked for the European Investment Bank in Luxembourg. An experienced Chartered Accountant, Steven has specialised in housing and regeneration finance throughout his career. He worked for PricewaterhouseCoopers in Glasgow and also held a senior position with Ernst & Young before moving to the European Investment Bank, where he was responsible for investment of £250 million of EU Structural Funds, as well as lending activity for the Bank in the social housing and water sectors in the UK.

Tom Barclay, Group Director Property and Development
Tom was previously chief executive of Clyde Valley Group (CVG) in Lanarkshire, one of Scotland's largest affordable housing developers. Co-chair of the Scottish Government's Joint Housing Policy and Delivery Group, he led CVG to number five on the Sunday Times' Top 100 Companies in the UK to Work For and Best Companies' three-star employee engagement status. A chartered quantity surveyor, he has extensive experience in project management, change management and organisational development. Tom, who has a MBA, is a former Scotland Chairman of the Royal Institute of Chartered Surveyors (RICS) and is Scotland representative on the RICS Global Board.