ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2026

Wheatley Homes East Limited

(Co-operative and Community Benefit Society No. 1823R(S))
(Scottish Housing Regulator Registration No. 116)
(Scottish Charity No. SC034572)

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2026.

Principal Activities
The principal activity of Wheatley Homes East Limited ("WH East" or "the Association") is the provision and management of affordable rented accommodation. WH East has over 8,000 affordable homes in the east of Scotland.

OPERATING REVIEW

This year marked the conclusion of our five-year strategy, 'Your Home, Your Community, Your Future'.

Over the past five years, WH East has responded to a series of unprecedented challenges. These have included recovery from the Covid-19 pandemic, increases in the cost of living, the National Housing Emergency and the continuing homelessness crisis.

Despite this challenging environment, we have emerged in a strong position. We remain on a solid financial footing, continue to deliver excellent outcomes for customers, and have seen customer satisfaction rise to 96%. This is a testament to the resilience, commitment and professionalism of our staff, and to the strength of our 'Think Yes' culture.

In the year, total expenditure on repairs and capital improvements to our existing homes and communities was £24.5m. We also grew the number of affordable homes during the year completing 377 new homes, taking the total of new homes completed over the course of the strategy to 1,430.

Our commitment to tackling homelessness is an important element of our five-year strategy. We allocated 369 homes to people experiencing homelessness during the year, bringing the total to more than 1,600 over the past five years and making a significant contribution to tackling this issue in Edinburgh and in Fife.

Customer engagement remains at the heart of everything we do. By the end of the financial year, 215 customers were registered with Stronger Voices, our customer feedback programmes. Our customer satisfaction of 96%, reflects the progress we have made in ensuring customers can influence decision-making and help shape the services they receive.

The Wheatley Foundation, the Group's charitable arm, continued to play a vital role in reducing the impact of poverty across our homes and communities. Through its work, customers are supported to access education, training and employment opportunities, as well as practical and financial support. During the year, the Foundation helped over 1,550 customers experiencing financial hardship, created 138 jobs and training places, and provided furniture to almost 135 households.

As we begin the next stage of our journey, guided by our new five-year strategy, 'Making homes and lives better', WH East remains a high-performing organisation, well placed to respond to future challenges and meet the changing needs of our customers.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

The following sections set out some of the key highlights from the year.

Building new homes
Wheatley Homes East built 377 new homes over the year, 269 for social rent and 108 for mid-market rent. Our completed new homes include:

- 169 homes at West Craigs, with 134 for social rent and 35 for mid-market rent;
- 30 homes at Dalhousie South, all for social rent;
- 58 homes at Winchburgh, with 46 for social rent and 12 for mid-market rent;
- 61 homes at Wallyford all for mid-market rent;
- 23 in South Queensferry, all for social rent;
- 20 homes at Deans South all for social rent;
- 12 homes for social rent in Blackford; and
- 4 homes for social rent at Sibbalds Brae.

At the year-end work was ongoing on 506 homes across 15 sites including 117 homes at three sites in Winchburgh, 89 homes at two sites in Wallyford, 55 homes in Deans South and 49 at Maybury West. Over the past five years, WH East has completed 1,430 new homes, including, 1,098 for social rent and 332 for mid-market rent.

Investing in our homes
WH East delivered £9.8m of planned improvements to homes and communities over the year including:

- £0.7m on 139 new kitchens for homes across West Lothian, Edinburgh and Fife;
- £0.5m on 102 new bathrooms for homes in West Lothian and Edinburgh;
- £0.8m on 90 new windows across West Lothian, Edinburgh and Fife;
- £1.0m on 227 new heating systems in West Lothian, Edinburgh, Fife, Mid and East Lothian;
- £0.5m on improvements to 35 common stairwells across West and Mid Lothian, Edinburgh and Fife;
- £0.8m on 76 new smoke and heat detectors, mechanical works, fire doors and lifts across West Lothian and Edinburgh;
- £1.3m on major roof and fabric overhauls, including £0.4m to six tenement blocks in Morrison Crescent and Duff Street Lane; and
- £0.5m on major repairs to three historic sandstone tenements in Gorgie/Fountainbridge.

Our investment programme reflects our targeted and strategic approach aligned to our tenant commitments and their priorities. For example, fabric improvements to tenement blocks support a more place-based approach to investment, improving the condition, appearance and sustainability of neighbourhoods. Throughout the year, we maintained our focus on improving safety, comfort and the overall quality of homes, while meeting regulatory requirements.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Our repairs service

WH East carried out over 37,700 reactive repairs over the year and a total of £14.7m was spent on planned and reactive maintenance. Our average time to complete emergency repairs was 2.8 hours while non-emergency repairs averaged 9 days. The percentage of repairs completed right first time was 99%, up from 88% in 2024/25.

Building Safety

We continued to respond quickly and effectively to reports of damp and mould in our homes, supported by clear response targets and a grading process for all cases. Where mould was identified during inspection, 95.4% of cases were classified as mild.

We also continued our work to protect customers from the risk of fire and our fire team carried out 82 person-centred fire risk assessments in homes during the year. We delivered fire safety products, including air fryers, fire-retardant bedding and ashtrays, to 53 customers; installed 28 stove guards; and upgraded detection systems in 17 homes.

Improving our communities

We continued our work to keep communities clean, safe and well maintained. Through our partnership with Keep Scotland Beautiful, the environmental charity assesses the service delivered by our environmental teams. In 2025/26, all WH East neighbourhoods were rated as five-star, the highest possible grade. A total of 12 WH East customers are now trained in Keep Scotland Beautiful standards and environmental monitoring, enabling them to take part in regular estate walkabouts with frontline staff.

Our Neighbourhood Environmental Teams removed more than 1,430 tonnes of bulk items from communities, supporting recycling and helping to prevent items going to landfill.

The 'Spring into Action' event in March 2026 saw our environmental staff work alongside volunteers from schools, council partners, Wheatley contractors and community groups on local projects including litter-picks, recycling and tree planting.

Wheatley's Community Improvement Partnership, made up of specialist police officers and our Anti-Social Behaviour Prevention and Intervention officers, continued to support customers affected by anti-social behaviour.

Letting homes

WH East allocated 369 homes to those experiencing homelessness during the year, representing 62% of relevant lets. This included 4 homes through Housing First, the multi-agency partnership to tackle rough sleeping in which the Wheatley Group plays a leading role.

Over the past five years, WH East has allocated 1,614 homes to people who were homeless. This included 31 temporary tenancies being 'flipped' into permanent homes for the people living in them.

Engaging with customers

We continued to engage with our customers throughout the year, both online and in person. In 2025/26 almost 34,000 people used the WH East website and our social media following reached over 5,500.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

By the end of 2025/26, over 200 customers were registered with our Stronger Voices tenant engagement programme, helping to provide feedback and views across the range of the services we provide. A total of 50 people attended community events while around 180 people attending pop-up events and surgeries. We also held six panel meetings or focus groups during the year, and our customers accompanied us on over 80 walkabouts during the year.

Five WH East customers are involved in the Group Scrutiny Panel. The panel carries out thematic reviews of specific services and makes recommendations for improvement. The panel's work has received recognition from the Chartered Institute of Housing for customer involvement.

Supporting our customers
A total of 3,627 WH East customers are now on Universal Credit or approximately 49% of our customer base and an increase of more than 12% from last year as the migration from legacy benefit arrangements completed during the year. Our welfare benefit advisors supported over 990 people with their benefits over the year, resulting in £3.5m in financial gain for our customers.

The Wheatley Foundation created 138 jobs and training places for people in our communities and supported over 1,550 customers in financial hardship over the year, helping them maximise their income, manage outgoings and reduce costs.

As well as this, we:

- provided 134 households with 402 free items of upcycled furniture through Home Comforts;
- helped 105 new tenants with household budgeting, running a home and settling into their community through My Great Start, resulting in £352k in financial gain;
- provided starter packs for 73 tenants who needed support moving into their home;
- provided recycled digital devices for 18 tenants through our Techshare initiative;
- awarded six people from our homes a bursary to go to college or university; and
- helped 448 tenants with their rent through our Helping Hands fund.

A total of 591 children and young people in our homes and communities benefited from Wheatley Foundation programmes in 2025/26. This included:

- 95 children under five who received 1,012 free books through the Dolly Parton Imagination Library initiative;
- 90 young people in Craigmillar and Niddrie who attended Friday Night Lights youth project, and 28 young people who joined activity sessions at Slateford Green; and
- 220 young people took part in 'Dragon's Den'-style pitching through the Social Enterprise Academy.

We also collected donations and other support to help 144 children enjoy Christmas.

Independent auditor
In accordance with Section 489 of the Companies Act 2006, and after a competitive tender process, a resolution for the reappointment of KPMG LLP as auditor is to be proposed at the forthcoming Annual General Meeting.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

WH East generated an operating surplus of £49.2m for the year (2025: £66.4m). The reduction was principally driven by lower grant income recognised on new build completions, together with movements in the valuation of our mid-market and commercial rental properties and the transfer of grant income to Lowther on disposal of mid-market rent units, both of which are reported within other gains and losses.

Before other gains and losses and excluding the timing of grant income recognised on new build completions, WH East generated an operating surplus from core operations of £9.6m (2025: £9.3m). Surpluses from operating activities are fully re-invested in improvements to social housing properties.

Non-cash items reported within operating surplus are:

- Other gains and losses include a £4.7m upward revaluation of market and commercial rental properties (2025: £11.9m upward revaluation). These properties are valued on an open market value, subject to tenancies basis. Other gains and losses also include the transfer of £6.0m of grant income to Lowther Homes Limited following the disposal to Lowther Homes of 133 mid-market rent units.

- Grant income recognised on the completion of new build properties was £41.0m compared to £45.2m in the prior year, a decrease of £4.2m. Grant received for new build developments is held on the Statement of Financial Position until the related properties are completed, at which point it is recognised as income within operating surplus. The amount recognised therefore varies year to year, depending on the timing and scale of completions in the new build programme. During 2025/26, WH East completed 377 new homes compared to 450 new homes in 2024/25.

Turnover recognised in the Statement of Comprehensive Income for the year was £97.4m (2025: £96.7m). Rental and service charge income, net of void losses, remained the main source of turnover, contributing £46.7m (2025: £41.5m). The balance of turnover included:

- Grant income recognised on the completion of new build properties £41.0m (2025: £45.2m)
- Other revenue grant income of £0.7m (2025: £1.1m) includes £0.3m funding received for aids and adaptations and £0.4m grant funding for the Harbour Care service. The prior year included £0.3m of Social Housing Net Zero grant income in respect of the Association's energy efficiency programme in 2024/25
- £4.5m of investment property income from the letting of mid-market homes and commercial units (2025: £3.7m) which has increased due to the growth in the portfolio of mid-market rent properties following the completion of 108 new properties in the year
- Other income included £2.1m generated by our Repairs workshop from providing repairs and investment services to other Wheatley Group subsidiaries (2025: £2.0m), and £2.0m of Gift Aid income received from Wheatley Developments Scotland (2025: £2.8m)

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Expenditure

Operating costs for the year amounted to £46.9m (2025: £42.2m). The main items of expenditure were as follows:

- Letting activity management and administration costs of £7.1m (2025: £6.8m)
- Service costs of £3.1m (2025: £2.8m)
- Planned repair and reactive maintenance costs totalling £14.7m (2025: £13.9m)
- Total depreciation costs of £17.5m (2025: £15.2m)
- Costs associated with our wider role in supporting communities of £0.9m (2025: £0.4m), including donations to Wheatley Foundation of £821k (2025 £213k) to provide continued support for our customers
- Costs attributable to the provision of repairs and investment services to external and other Group subsidiaries of £2.1m (2025: £2.0m)

Interest costs in the year of £11.6m (2025: £9.6m) are £2.0m higher than the prior year with the increase reflecting the increased borrowing to fund the development of new build housing.

Total comprehensive income for the year was £25.2m (2025: £43.3m), after recognising a £13.8m valuation loss on social housing properties (2025: £15.6m loss). Social rent properties are valued using the Existing Use Value for Social Housing methodology ("EUV-SH"), while grant income is recognised under the performance model and released to the Statement of Comprehensive Income when properties are completed. This can result in an initial valuation loss in the year of completion, where the EUV-SH valuation is lower than the gross development cost. As a result, the EUV-SH valuation does not necessarily reflect the full scale of capital investment made during the year.

Cashflows

WH East continued to generate strong operating cashflows with £20.5m generated from operating activities (2025: £23.8m). The £3.3m reduction from the prior year primarily reflected the timing of debtor and creditor settlements. Cash generated from operating activities was reinvested in improving existing homes. Cash and cash equivalents increased by £2.6m in the year.

Liquidity

Total reserves increased by £25.2m in the year, from £314.5m to £339.7m. This reflects total comprehensive income for the year, comprising a £24.4m surplus and a £0.8m actuarial gain on the pension scheme. The surplus was driven by a £49.2m operating surplus, including grant income recognised on new build completions and income from core letting activities, partially offset by finance costs of £11.6m and a £13.8m valuation loss on social housing properties under the EUV-SH valuation basis.

WH East reported net current liabilities of £24.0m at 31 March 2026 (2025: £49.0m). The year-on-year reduction primarily reflects lower deferred grant income expected to be released within one year, with 265 new homes due to complete in 2026/27 compared with 345 units which were expected to complete at 31 March 2025. Existing loan arrangements, together with cash balances of £4.5m at the year end, provide sufficient liquidity for WH East to meet its liabilities as they fall due and to continue investing in existing homes and the new build programme.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Capital structure and treasury
WH East's activities are funded on the basis of a Business Plan which is updated annually. The main elements of our long-term funding are syndicated bank facilities and bond funding provided through Wheatley Funding No. 1 Ltd ("WFL1"), a related entity, as detailed in note 21. At 31 March 2026, WH East had accessed £243.5m of the intra-group facility which is secured on its housing stock. Interest rate risk is managed at a group level by WFL1.

Investment in customers' homes
During the year we invested £9.8m in improving customer's homes (2025: £7.4m). At the year-end our housing stock, including housing under construction, was valued at £647.4m (2025: £626.5m).

New Build
During the financial year we completed 377 new build properties. Our new build programme invested £57.6m in the year. The Business Plan includes a further projected spend of £274.4m on the new build programme over the next five years.

Reserves Policy
Under the Statement of Recommended (Accounting) Practice ("SORP") 2018 and Financial Reporting Standard ("FRS") 102, the Association may operate with up to three principal reserves; a revenue reserve, a revaluation reserve and a pension reserve.

Revenue reserve
Revenue reserve includes historic grant received in respect of the following:

- new build housing properties.
- specific projects for which subsidy has been received, such as investment in the energy efficiency of our homes.

These grants have been invested for the specific purposes prescribed in the related grant conditions, with this activity typically resulting in an increase in the value of housing properties in the Association's Statement of Financial Position. The Association has no ability to realise new cash from this element of reserves, since selling the related assets which were constructed or improved with the grant funds would trigger clawback conditions and require repayment of grant to the Scottish Government or other grant providers. Furthermore, it is not the Association's policy to sell social housing assets; on the contrary, continuing to own and support these while providing excellent services to customers is core to the Association's charitable purpose.

The revenue reserve may include revaluation gains on investment properties, such as any mid-market rent homes which are owned by the Association. Under FRS 102, gains or losses on investment properties must be taken to profit and loss and therefore form part of the general revenue reserve. These gains are not available to be realised in cash, since selling the Association's interest in any mid-market rent properties would trigger grant clawback and would run counter to the Association's core charitable objective of supporting the provision of a range of affordable housing solutions to be provided for its customers.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

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

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

Principal risks facing the Association
The Board are responsible for assessing the risks facing the Association. As a subsidiary of Wheatley Group, the principal risks are broadly similar to those facing the Wheatley Group and can be seen in the consolidated financial statements of the Wheatley Group.

By order of the Board

[redacted]

Kenneth Campbell Barclay, Chair
16 September 2026

8 New Mart Road
Edinburgh
EH14 1RL

DIRECTORS' REPORT (continued)

WHEATLEY HOMES EAST BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2026 the Association's Rules allowed for the appointment of up to 12 Board members. With the exception of the Parent Appointee (if appointed), Board members are elected at the annual general meeting from the membership of the Association and retire by rotation every three years. Any member of the Association is entitled to stand for membership of the Board.

The members of the Board during the year and up to the date of signing are listed below:

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships during the year
Alastair Murray (Chair to 24 September 2025)	17 September 2020	21 September 2023	24 September 2025	Wheatley Group Board West Lothian Housing Partnership Limited (Dissolved 26 August 2025)
Anne McGovern *	9 February 2017	21 September 2023	24 September 2025	-
Heather Macnaughton	23 March 2023	21 September 2023	-	Wheatley Solutions Board
Jack Cadell	29 November 2018	29 November 2024	-	Wheatley Developments Scotland Limited
Judith MacGlashan*	22 September 2022	-	-	West Lothian Housing Partnership Limited (Dissolved 26 August 2025)
Ruth Kynoch	19 December 2017	19 December 2023	24 September 2025	Wheatley Foundation Limited
Fiona Burden	21 May 2024	-	-	
Pamela Paton*	18 September 2024	-	-	Wheatley Housing Group Limited
Kenneth Campbell Barclay (Chair from 24 September 2025)	28 November 2024	-	-	Wheatley Housing Group Limited Group Audit Committee Strategic Development Committee
Michelle Meldrum	28 November 2024	-	-	-
David Hare	2 March 2026	-	-	-
Joanne Gibson	22 May 2026	-	-	-
Lucy Neilson	18 May 2026	-	-	-

* is / has been a tenant of the Association

DIRECTORS' REPORT (continued)

Creditor payment policy
WH East agrees payment terms with its suppliers when it enters into contracts and aims to pay undisputed and valid invoices within 30 days.

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

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The Directors acknowledge their responsibility for ensuring that the Association has in place systems of control that are appropriate to its business environment. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information within the Association, or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition.

The systems of internal financial control, which are under regular review, are designed to manage rather than to eliminate risk. They can only provide reasonable and not absolute assurance against material misstatement or loss.

The key procedures which have been established are as follows:

- Detailed standing orders covering Board structure, election, membership and meetings;
- Financial regulations and procedures with clear authorisation limits;
- Regular Board meetings, focusing on areas of concern, reviewing management reports;
- Audit and Compliance reporting focussing on areas of concern and reviewing management reports;
- Regular review of cashflow and loan portfolio performance;
- Regular review of tendering process, rent accounting, arrears control and treasury management;
- Segregation of duties of those involved in finance;
- Identification and monitoring of key risks by the management committee; and
- Monitoring the operation of the internal financial control system by considering regular reports from management, internal and external auditors and ensuring appropriate corrective action is taken to address any weaknesses.

The Directors confirm that they have reviewed the effectiveness of the systems of internal control. No weaknesses have been found which would have resulted in material losses, contingencies or uncertainties which require to be disclosed in the financial statements.

DIRECTORS' REPORT (continued)

STATEMENT OF BOARD'S RESPONSIBILITIES FOR A REGISTERED SOCIAL LANDLORD THAT IS A CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, and the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

By order of the Board

[redacted]

Kenneth Campbell Barclay, Chair
16 September 2026

8 New Mart Road
Edinburgh
EH14 1RL

INDEPENDENT AUDITOR'S REPORT TO WHEATLEY HOMES EAST LIMITED AND THE TRUSTEES OF WHEATLEY HOMES EAST LIMITED

Opinion

We have audited the financial statements of Wheatley Homes East Limited ("the Association") for the year ended 31 March 2026 which comprise the Association's Statement of Comprehensive Income, the Association's Statement of Changes in Reserves, the Association's Statement of Financial Position and the Association's 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, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the Association as at 31 March 2026 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the requirements of the Housing (Scotland) Act 2010, the Registered Social Landlords Determination of Accounting Requirements 2024, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the Association or to cease its operations, and as they have concluded that the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the Association's business model and analysed how those risks might affect the Association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

Our risk assessment procedures included:

- Enquiring of directors and management as to the Association's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual suspected or alleged fraud;
- Reading Board minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

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

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

We did not identify any additional fraud risks.

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

We also performed procedures including:

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

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

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

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

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

The Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related registered social landlord legislation and charities legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

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

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

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

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

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

Other information

The Association's Board is responsible for the other information, which comprises the Directors' Report, and the Statement on Internal Financial Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on page 11 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit; or
- in our opinion, the information given in the Director's Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 and the Charities (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

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

In addition, under the Co-operative and Community Benefit Societies Act 2014 we are required to report if, in our opinion, the Association has not maintained a satisfactory system of control over its transactions.

We have nothing to report in this respect.

Board's responsibilities

As explained more fully in their statement set out on page 12, the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has 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 Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 69 of the Housing (Scotland) Act 2010, and to the Association's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Association and its Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and its Trustees, for our audit work, for this report, or for the opinions we have formed.

Michael Wilkie

Michael Wilkie
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006
319 St Vincent Street
Glasgow
G2 5AS

22 September 2026

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 £'000	2025 £'000
Turnover	3	97,435	96,682
Operating expenditure	3	(46,921)	(42,211)
Other (losses)/ gains	3	(1,333)	11,940
Operating surplus		49,181	66,411
Gain on disposal of fixed assets	10	505	1,078
Finance income	11	26	25
Finance charges	12	(11,571)	(9,601)
Decrease in valuation of housing properties		(13,800)	(15,591)
Increase in valuation of other fixed assets		71	455
Surplus for the financial year		24,412	42,777
Actuarial gain in respect of pension schemes	24	759	529
Total comprehensive income for the year		25,171	43,306

All amounts relate to continuing operations.

The notes on pages 21 to 43 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2026

	Revenue Reserve £'000
Balance at 1 April 2024	271,225
Total comprehensive income	43,306
Balance at 1 April 2025	314,531
Total comprehensive income	25,171
Balance at 31 March 2026	339,702

All amounts relate to continuing operations.

The notes on pages 21 to 43 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2026

	Notes	**2026** **£'000**	**2025** **£'000**
Fixed assets			
Social housing properties	15	554,369	542,889
Other tangible fixed assets	16	11,255	11,284
Investment properties	17	94,804	85,304
		660,428	639,477
Current assets			
Stock	18	1,147	1,378
Trade and other debtors	19	18,748	8,435
Cash and cash equivalents		4,493	1,907
		24,388	11,720
Creditors: amounts falling due within one year	20	(48,426)	(60,753)
Net current liabilities		(24,038)	(49,033)
Total assets less current liabilities		636,390	590,444
Creditors: amounts falling due after more than one year	21	(295,898)	(273,707)
		340,492	316,737
Provisions for liabilities			
Pension liability	24	(790)	(2,206)
Total net assets		339,702	314,531
Reserves			
Share capital	23	-	-
Revenue reserve		339,702	314,531
Total reserves		339,702	314,531

These financial statements were approved by the Board on 20 August 2026 and were signed on its behalf on 16 September 2026 by:

[redacted] [redacted] [redacted]

Kenneth Campbell Barclay Chair	Michelle Meldrum Board Member	Anthony Allison Secretary

The notes on pages 21 to 43 form part of these financial statements.

Charity registration number SC034572.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2026

	Notes	**2026 £'000**	**2025 £'000**
Net cash generated from operating activities	26	20,519	23,763
Cash flow from investing activities			
Improvement of properties – housing stock	15/17	(9,840)	(7,363)
New build expenditure		(56,799)	(72,082)
Purchase of other fixed assets	16	(1,272)	(1,548)
Proceeds from disposal of properties	9/10	15,719	2,342
Grants received	21	34,215	22,223
Finance income	11	26	25
		(17,951)	(56,403)
Cash flow from financing activities			
Finance charges		(11,982)	(10,435)
Financing draw down		29,000	55,750
Repayment of loan		(17,000)	(13,250)
		18	32,065
Net change in cash and cash equivalents		2,586	(575)
Cash and cash equivalents at 1 April		1,907	2,482
Cash and cash equivalents at 31 March		4,493	1,907

The notes on pages 21 to 43 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

1. Legal status

Wheatley Homes East Limited ("WH East" or "the Association") is a wholly owned subsidiary of The Wheatley Housing Group ("Wheatley Group" or "the Group"). The Association is registered under the Co-operative and Community Benefit Societies Act 2014 No.1823R(S) and is a registered Scottish charity No.SC034572. The Association is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principal activity of the Association is the provision of social housing.

The registered office is 8 New Mart Road, Edinburgh, EH14 1RL. WH East is a Public Benefit Entity.

2. Accounting policies

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

Basis of accounting
The financial statements of the Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2024, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for social housing providers 2018 ("SORP 2018"), issued by the National Housing Federation and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

The Group and Association prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2026 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The Board, after reviewing the Association's budget for 2026/27 and the financial position as forecast in the 30-year business plan and being satisfied that the Group Board has undertaken a similar review, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions have been set at an appropriate level to allow for customer difficulties in making payments; budget and business plan scenarios have been updated to take account of potential future changes in rent increases;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of the profile of repairs and maintenance expenditure including the effect of inflation and increased demand;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

2. Accounting policies (continued)

- Investment in existing homes– forecast expenditure has been remodelled to take account of additional investment spend to deliver future energy efficiency improvements;

- Development activity – budget and business plan scenarios have taken account of the risks of fluctuating labour costs, project delays, supply chain instability and availability of grant funding impacting new build;

- Liquidity – Notwithstanding the entity's net current liability position of £24.0m, of which the majority of current liabilities (£21.0m) comprised of deferred income, the entity's current available cash of £4.5m and access to £510.0m undrawn loan facilities arranged through WFL1 are available to WHE and other Group RSLs. This provides significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and

- The Group and Association's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

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

Consequently, the Board is confident that the Group and the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

Discount rates have been used in the valuation of housing properties and in the assessment of the fair value of financial instruments. The rates used are subject to change and are influenced by wider economic factors over time.

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

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

Related party disclosures
The Association is a wholly-owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of the Wheatley Group which are publicly available.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

2. Accounting policies (continued)

Consequently, the Association has taken advantage of the exemption, under the terms of FRS 102, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley 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.

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.

Grant income
Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the Statement of Recommended Practice for social housing providers 2018 ("SORP 2018"). Prior to satisfying the performance conditions, capital grant is held as deferred income on the Statement of Financial Position.

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

Supported housing and shared ownership
Expenditure on housing accommodation, supported housing and shared ownership 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
Loans provided by Wheatley Funding No. 1 Limited ("WFL1") are classed as basic financial instruments, under the requirements of FRS 102, and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

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

Pensions
The Association previously participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") Defined Benefit Pension Scheme. The scheme is now closed, with members transferring to the SHAPS Defined Contribution Scheme on 1 April 2014. Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

2. Accounting policies (continued)

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 Association's share of the scheme assets and liabilities have been separately identified and are included in the 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 Association'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.

Since the closure of the SHAPs Defined Benefit Pension Scheme, new members are enrolled in a defined contribution scheme administered by Aviva.

Fixed assets – housing properties
In accordance with the Housing SORP 2018, the Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

- **Valuation of Social Housing Stock**

Social housing properties are valued annually on an Existing Use Value for Social Housing ("EUV-SH") basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that results in an enhancement of the economic benefits of the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

- **Depreciation and impairment**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Group's asset management strategy and the requirement of the Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources.

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

	Economic Life
Land	n/a
Structure & roofs	50 yrs
Bathroom	25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works & common areas	20 yrs
Kitchen	20 yrs
Mechanical, electrical & plumbing	25 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

2. Accounting policies (continued)

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus.

- **New build**

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

The Association's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure including staff costs attributable to the delivery of the capital investment programme;
- The cost of packages of work completed on void properties; and
- Other directly attributable internal and external costs.

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

- **Non-social housing properties**

Mid-market rent properties are valued on an open market value subject to tenancies basis at the date of the Statement of Financial Position by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation and are held as investment properties and not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for accordingly. The cost of properties is their purchase price together with capitalised improvement works.

Mid-market rent properties owned by the Association are currently leased to and managed by Lowther Homes Limited on arms' length commercial terms.

Commercial properties are held as investment properties and not subject to depreciation. They are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are revalued at each reporting date.

New Build Grant and other capital grants

New Build Grant is received from central government agencies and local authorities and is utilised to reduce the capital costs of housing properties.

New Build Grant is recognised as income in the Statement of Comprehensive Income when new build properties are completed or the capital work carried out under the performance model. New Build Grant due or received is held as deferred income until the performance conditions are satisfied; at that 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

2. Accounting policies (continued)

Properties are disposed of under the appropriate legislation and guidance. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is abated and the grant removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay is disclosed as a contingent liability.

Shared ownership
Shared ownership properties are held within social housing properties in fixed assets. Proceeds from disposals of shared ownership interests are recognised as turnover where they relate to the initial sale of an equity share. Subsequent disposals are treated as a disposal of fixed assets and are recognised through the gain or loss on disposal of fixed assets in the Statement of Comprehensive Income.

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

	Economic Life
Furniture, fittings and office equipment	5 – 10 yrs
Office improvements	10 yrs
Computer equipment	3 - 5 yrs
Plant & Machinery	5 yrs
District heating scheme	30 yrs
Solar panels	25 yrs
Office premises	40 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 each reporting date.

Provisions
The Association only provides for liabilities at the date of the Statement of Financial Position where there is a legal or constructive obligation incurred which will probably result in an outflow of resources.

Taxation
The Association is considered to pass the tests as set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Association is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 1992 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

2. Accounting policies (continued)

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

Standards issued but not yet effective
Amendments to FRS 102 arising from the Periodic Review 2024 have been issued by the Financial Reporting Council and are effective for accounting periods beginning on or after 1 January 2026. These amendments include a revision to the revenue recognition model aligned to IFRS 15 five step approach and fundamental revision to lease accounting under Section 20, which will require lessees to recognise most leases on the Statement of Financial Position as a right-of-use asset with a corresponding lease liability. The revised requirements broadly align FRS 102 lease accounting with IFRS 16 and remove the distinction between operating and finance leases for lessees, subject to limited exemptions for short-term and low value leases.

The amendments will be applied by the Association for the first time in the financial statements for the year ending 31 March 2027.

The Association is currently assessing the impact of the revised revenue and lease accounting requirements. This work includes identifying and validating the Association's lease population (including land and buildings, vehicles and equipment), determining appropriate lease terms and discount rates, and assessing the potential effects on the Association's Statement of Financial Position, Statement of Comprehensive Income and key financial metrics, including loan covenant measures.

While the full financial impact of adopting the revised lease accounting requirements has not yet been quantified, the Association expects that total assets and liabilities will increase on adoption, with corresponding changes to the presentation and timing of lease related expenses. Further information on the impact of these changes will be disclosed in the financial statements for the period in which the amendments are first applied.

3. Particulars of turnover, operating costs and operating surplus

		2026			2025
	Turnover	**Operating costs**	**Other gains/ (losses)**	**Operating Surplus**	**Operating Surplus**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Affordable letting activities (note 4)	88,296	(41,354)	-	46,942	49,726
Other activities (note 5)	9,139	(5,567)	-	3,572	4,745
Gain on investment properties (note 17)	-	-	4,668	4,668	11,940
Grant transferred on disposal of properties (note 9)	-	-	(6,001)	(6,001)	-
Total	97,435	(46,921)	(1,333)	49,181	66,411
Total for previous reporting period	96,682	(42,211)	11,940	66,411	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

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

	General Needs £'000	Supported Housing £'000	Shared Ownership £'000	2026 Total £'000	2025 Total £'000
Rent receivable net of service charges	40,221	2,829	1,158	44,208	39,358
Service charges	2,079	696	259	3,034	2,656
Gross income from rents and service charges	42,300	3,525	1,417	47,242	42,014
Less rent losses from voids	(372)	(187)	-	(559)	(552)
Net income from rents and service charges	41,928	3,338	1,417	46,683	41,462
Grants released from deferred income – new build	40,959	-	-	40,959	45,182
Other Revenue Grants	256	398	-	654	1,077
Total turnover from affordable letting activities	83,143	3,736	1,417	88,296	87,721
Management and maintenance administration costs	(5,383)	(1,469)	(255)	(7,107)	(6,825)
Service costs	(2,812)	(148)	(133)	(3,093)	(2,801)
Planned and cyclical maintenance including major repairs costs	(4,747)	(250)	(225)	(5,222)	(4,987)
Reactive maintenance costs	(8,598)	(492)	(408)	(9,498)	(8,900)
Bad debts – rents and service charges	(432)	(22)	(21)	(475)	(377)
Depreciation of affordable let properties	(14,532)	(738)	(689)	(15,959)	(14,105)
Operating costs for affordable letting activities	(36,504)	(3,119)	(1,731)	(41,354)	(37,995)
Operating surplus/(deficit) for affordable letting activities	46,639	617	(314)	46,942	49,726
Operating surplus/(deficit) for affordable letting activities for the previous reporting period	49,330	420	(24)	49,726	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

5. Particulars of turnover, operating costs and operating surplus from other activities

	Grants From Scottish Ministers £'000	Other Revenue £'000	Total Turnover £'000	Total Operating Costs £'000	2026 Operating Surplus /(Deficit) £'000	2025 Operating Surplus /(Deficit) £'000
Wider role activities to support the community	-	-	-	(897)	(897)	(369)
Investment property activities	-	4,293	4,293	(217)	4,076	3,727
Other income	-	4,846	4,846	(2,671)	2,175	2,645
Depreciation – Non Social Housing	-	-	-	(1,557)	(1,557)	(1,140)
Organisational restructuring	-	-	-	(105)	(105)	-
Development & Constructions of Property Activities	-	-	-	(120)	(120)	(118)
Total from other activities	-	9,139	9,139	(5,567)	3,572	4,745
Total from other activities for the previous reporting period	-	8,961	8,961	(4,216)	4,745	

6. Board members' emoluments

Board members received £481 (2025: £198) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in the Association.

7. Employees- Key Management Emoluments

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

7. Employees - Key Management Emoluments (continued)

	2026 £'000	2025 £'000
Aggregate emoluments payable to key management (excluding pension contributions)	89	91

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

	2026	2025
£0 to £10,000	2	1
£10,001 to £20,000	2	5
£20,001 to £30,000	2	-

The key management are defined for this purpose as the Chief Executive and the Group Executive team in post at 31 March 2026. Emoluments include relocation expenses where appropriate.

The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff. Pension contributions of £6k (2025: £6k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2026.

There were six senior officers in post at 31 March 2026.

Steven Henderson	Group Chief Executive
Alan Glasgow	Group Director of Housing
Laura Pluck	Group Director of Communities
Pauline Turnock	Group Director of Finance
Anthony Allison	Group Director of Governance and Business Solutions
Sharon Wearing	Group Director of Development and City Building (from 16 November 2025)

8. Employees

	2026 No.	2025 No.
The average monthly number of full time equivalent persons employed during the year was	253	229
The average total number of employees employed during the year was	263	270

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

8. Employees (continued)

	2026 £'000	2025 £'000
Staff costs (for the above persons)		
Wages and salaries	12,010	10,631
Social security costs	1,458	1,067
Employer's pension costs	693	726
FRS 102 pension adjustment	32	31
	14,193	12,455

In addition to the above staff costs the Association incurred agency staff costs of £150k during the year (2025: £180k).

During the year, members of the SHAPS Defined Benefit Pension Scheme were advised that deficit recovery contributions would restart from 1 April 2026 for the next 4 years. The Association opted to make an advanced payment in relation to the 2026/27 and 2027/28 contributions; this totalled £763k and was paid in the year ended 31 March 2026 (2025: none).

9. Transfer of grant on disposal

On 30 March 2026 WH East sold 133 mid-market rent ("MMR") properties to Lowther Homes Limited ("Lowther"). The difference between the consideration paid by Lowther and the carrying value of the properties relates to the transfer of grant received by WH East to Lowther on the construction of these properties. All obligations under the grant agreement in relation to the properties sold transfers to Lowther Homes. This grant was originally recognised as income in the Statement of Comprehensive Income by WH East on completion of the build of the properties.

	2026 £'000	2025 £'000
Proceeds from disposal of properties	14,759	-
Value of properties disposed	(20,760)	-
Loss on disposal of properties (represented by grant transferred)	(6,001)	-

10. Gain on disposal of fixed assets

Gain on disposal in the year includes net income from the sale of one social rent property, four shared ownership properties, one property held for mid-market rent and disposal of component assets.

	2026 £'000	2025 £'000
Proceeds from disposal of properties	960	2,342
Value of properties disposed	(455)	(1,264)
Gain on sale of fixed assets	505	1,078

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

11. Finance income

	2026 £'000	2025 £'000
Interest on bank deposits	26	25
	26	25

12. Finance charges

	2026 £'000	2025 £'000
Interest on bank borrowings	775	763
Interest on intra group loans	10,506	8,630
Net interest charge on pension liability (note 24)	106	125
Other financing costs	184	83
	11,571	9,601

Other financing costs include the amortisation of transaction costs of the Association's funding arrangements.

13. Auditor's remuneration

	2026 £'000	2025 £'000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of these financial statements	87	85

14. Financial commitments

Capital commitments
All capital commitments of the Association were as follows:

	2026 £'000	2025 £'000
Expenditure contracted for, but not provided in the financial statements	52,145	25,890
Expenditure authorised by the Board, but not contracted	15,131	3,450
	67,276	29,340

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

14. Financial commitments (continued)

Operating leases
At 31 March 2026 total commitments under non-cancellable operating leases are as follows:

	2026 £'000 Land and Buildings	2026 £000 Other	2025 £'000 Land and Buildings	2025 £000 Other
Commitments falling due:				
Within one year	43	304	37	663
In the second to fifth years inclusive	185	592	41	642
Over five years	-	78	-	-
	228	974	78	1,305

15. Tangible fixed assets

Social Housing Properties

	General needs £'000	Shared ownership £'000	Housing under construction £'000	Total £'000
Valuation				
At 1 April 2025	454,216	16,479	72,194	542,889
Additions	9,666	73	57,632	67,371
Transfers	56,119	-	(81,950)	(25,831)
Disposals	(774)	(169)	-	(943)
Revaluation	(27,991)	(1,126)	-	(29,117)
At 31 March 2026	491,236	15,257	47,876	554,369
Accumulated Depreciation				
At 1 April 2025	-	-	-	-
Charge for year	15,557	402	-	15,959
Disposals	(576)	(66)	-	(642)
Revaluation	(14,981)	(336)	-	(15,317)
At 31 March 2026	-	-	-	-
Net Book Value – Valuation				
At 31 March 2026	491,236	15,257	47,876	554,369
At 31 March 2025	454,216	16,479	72,194	542,889
Net Book Value – Cost				
At 31 March 2026	574,125	16,640	47,876	638,641
At 31 March 2025	524,062	17,210	72,194	613,466

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

15. Tangible fixed assets (continued)

Total expenditure on repairs and capital improvements in the year on social housing properties was £24,459k (2025: £21,243k). Of this, repair costs of £14,720k (2025: £13,887k) were charged to the Statement of Comprehensive Income (note 4) with capital improvement of £9,739k (2025: £7,356k) shown as additions to social housing properties on the Statement of Financial Position. Additions to social housing properties in the year of £9,739k (2025: £7,356k) in the year include:

£6,084k for component additions including:

- £1,778k on major roof and fabric overhauls;
- £699k on new kitchens;
- £454k on new bathrooms;
- £801k on new windows;
- £952k on new heating systems;
- £21k on new smoke and heat detectors;
- £529k on improvements to common stairwells;
- £312k on fire doors; and
- £538k on mechanical and lifts.

The remaining balance of £3,655k of additions to existing properties not associated with a specific component includes £1,387k on void improvements, £2,006k on capitalised repairs, and £262k of medical adaptations.

Additions to housing under construction include capitalised interest costs of £0.8m (2025: £1.5m). Interest has been capitalised at the weighted average interest cost for the association of 4.55% (2025: 4.84%).

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2026 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.75 – 8.00% have been used depending on the property archetype (2025: 5.50-7.00%). The valuation assumes a real rental income growth of 0.5% for the first year, followed by long-term real rental growth of 1.0% per annum for the Social Rented units. Both mid-market and full market rent properties are assumed at a long-term real rental income growth of 0.5% throughout. The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Association at 31 March 2026 is shown below:

	2026 No.	**2025 No.**
Social Housing		
General needs	6,850	6,582
Shared ownership	324	328
Supported housing	348	348
Total Units	7,522	7,258

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

16. Other tangible fixed assets

	Office premises £'000	Office improvements £'000	Other fixed assets £'000	Total £'000
Cost or Valuation				
At 1 April 2025	5,123	9,950	3,191	18,264
Additions	-	42	1,230	1,272
Transfers	185	-	-	185
Revaluation	(62)	-	-	(62)
At 31 March 2026	5,246	9,992	4,421	19,659
Accumulated Depreciation				
At 1 April 2025	-	4,918	2,062	6,980
Charge for year	133	1,143	281	1,557
Revaluation	(133)	-	-	(133)
At 31 March 2026	-	6,061	2,343	8,404
Net Book Value				
At 31 March 2026	5,246	3,931	2,078	11,255
At 31 March 2025	5,123	5,032	1,129	11,284

Office premises were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2026 in accordance with the appraisal and valuation manual of the RICS.

17. Investments

Investment Properties

	Properties held for mid-market rent £'000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2025	83,575	1,729	85,304
Additions	101	-	101
Disposals	(20,915)	-	(20,915)
Transfers from housing under construction	25,646	-	25,646
Revaluation taken to operating surplus	4,643	25	4,668
At 31 March 2026	93,050	1,754	94,804
Net Book Value			
At 31 March 2026	93,050	1,754	94,804
At 31 March 2025	83,575	1,729	85,304

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

17. Investments (continued)

Market rent properties were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, Jones Lang LaSalle, on 31 March 2026.

The number of properties held for market rent by the Association at 31 March 2026 was:

	2026 No.	2025 No.
Market rent properties		
Total Units	512	538

Commercial properties were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2026 in accordance with the appraisal and valuation manual of the RICS.

18. Stock

	2026 £'000	2025 £'000
Stock	1,147	1,378
	1,147	1,378

19. Debtors

	2026 £'000	2025 £'000
Due within one year:		
Arrears of rent and service charges	2,586	1,836
Adjustment to discount arrears balances with payment plans to NPV	17	(15)
Factoring debtors	570	574
Less: provision for bad and doubtful debts	(1,887)	(1,367)
	1,286	1,028
Prepayments and accrued income	11,650	1,110
Other debtors	5,178	4,809
Due from other group companies	634	1,488
	18,748	8,435

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

20. Creditors: amounts falling due within one year

	2026 £'000	2025 £'000
Trade creditors	751	725
Accruals	3,413	2,936
Deferred income (note 21)	20,983	37,610
Rent and service charges received in advance	2,331	2,053
Other creditors	1,188	864
Tax and Social Security	312	300
Due to other group companies	19,448	16,265
	48,426	60,753

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

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

	2026 £'000	2025 £'000
Housing loans	36,309	35,759
Due to other group companies	243,150	231,385
Deferred income (note 21)	16,439	6,563
	295,898	273,707

Bank lending facility

Borrowing arrangements are in place via a Group funding structure which consists of bank loans, note placements and capital markets debt, secured on charged properties owned by the RSLs. The RSL Group funding was made up of a committed facility of £654.7m from a syndicate of commercial banks, two committed facilities totalling £254.9m from the European Investment Bank, £400.0m from a public bond due in 2044, of which £300.0m is currently issued, £389.0m private placement loan notes with BlackRock Real Assets, M&G Investment Management and PGIM, a £50.0m facility with Barclays, a £35.0m facility with RBS, and £82.3m charitable bonds via Allia Social Impact Investments. This provided total facilities of £1,865.9m for RSLs within the Wheatley Group to develop new housing.

This facility is provided through Wheatley Funding No. 1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Limited. At 31 March 2026, WH East had accessed £243.5m of the intra-group facility which is secured on its housing stock. Interest in the year has been charged at 4.55% (2025: 4.84%).

WH East has secured a portion of its housing stock (£423.2m) against this facility. At 31 March 2026, 29.4% (£176.3m) of WH East's housing properties remained unsecured.

WH East has a £16.5m external loan with The Housing Finance Corporation Limited ("THFC") which is repayable in October 2031. In addition, a £16.0m unsecured loan was agreed with Allia Social Impact Investments Limited in 2018/19; this is repayable in November 2028.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

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

Borrowings are repayable as follows:	2026 £'000	2025 £'000
In less than one year	-	-
In more than one year but less than five years	19,827	19,259
In more than five years	259,632	247,885
	279,459	267,144

Deferred income

The deferred income balance is made up as follows:

	New Build Grant £'000	Other £'000	Total deferred income £'000
Deferred income as at 31 March 2025	43,904	269	44,173
Additional income received	34,215	-	34,215
Released to the Statement of Comprehensive Income	(40,959)	(7)	(40,966)
Deferred income as at 31 March 2026	37,160	262	37,422

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:	2026 £'000	2025 £'000
In less than one year (note 20)	20,983	37,610
In more than one year but less than five years	16,439	6,563
	37,422	44,173

22. Financial instruments

	2026 £'000	2025 £'000
Financial assets:		
Measured at amortised cost:		
Trade debtors and accrued income	18,478	8,435
	18,478	8,435
Financial liabilities:		
Measured at amortised cost:		
Creditors, accruals and deferred income	64,865	67,316
Bank loans	279,459	267,144
	344,324	334,460

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

23. Share capital

	2026	2025
	£	£
Shares of £1 each issued and fully paid		
At 1 April	103	107
Issued during year	1	4
Surrendered during year	(80)	(8)
At 31 March	24	103

Each member of the Association holds one share of £1 in the Association. Share capital is non-equity and does not carry any rights to dividend payments. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

24. Pensions

Pensions Trust Scottish Housing Association Pension Scheme
WH East participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2024. This valuation revealed a deficit of £79.5m. A Recovery Plan was put in place to eliminate the deficit which runs to 31 March 2030.

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

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

The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive.

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

The Trustee has completed a review of the changes made to the benefit structures of the defined benefit pension schemes within the Trust, which involved reviewing the changes made to the benefits over the years. The Trustee determined that it is prudent to follow best practice and seek directions from the Court. The resulting Court case, known as Verity Trustees Limited v Wood, commenced on

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

24. Pensions (continued)

12 February 2025 and concluded on 28 March 2025. An outcome on the Case is expected no earlier than Q2 of 2026. As at 31 March 2026, it is unclear whether the Verity Trustees Limited v Wood case may give rise to an additional liability in respect of members benefits.

Defined Benefit assets and obligations

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

	31 March 2026	**31 March 2025**
Discount rate	6.20%	5.80%
Future salary increases	2.40%*	2.20%
Inflation (CPI)	3.00%	2.80%
Inflation (RPI)	3.25%	3.15%

*Salary increases are assumed to be 3.80% for 2026/27, 2.50% in years two to five and 2.00% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2026, 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 as follows:

- Current pensioner aged 65: 20.7 years (male) (2025: 20.2 years), 22.9 years (female) (2025: 22.7 years).
- Future retiree upon reaching 65*: 21.9 years (male) (2025: 21.5 years), 24.4 years (female) (2025: 24.2 years).

*Figures assume members currently aged 45.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

24. Pensions (continued)

Movements in present value of defined benefit obligation	**2026**	**2025**
	£'000	**£'000**
Opening defined benefit obligation	17,883	20,119
Interest cost	1,018	944
Actuarial gains	(848)	(2,290)
Estimated benefits paid	(694)	(921)
Expenses	32	31
Closing defined benefit obligation	17,391	17,883

Movements in fair value of plan assets

	2026	**2025**
	£'000	**£'000**
Opening fair value of plan assets	15,677	17,509
Interest income on plan assets (excluding net interest on the defined benefit liability)	912	819
Experience on plan assets (excluding net interest on the defined benefit liability)	(89)	(1,761)
Contributions by the employer	795	31
Estimated benefits paid	(694)	(921)
Closing fair value of plan assets	16,601	15,677
Net liability	(790)	(2,206)

Expense recognised in Statement of Comprehensive Income

	2026	**2025**
	£'000	**£'000**
Current service cost	-	-
Administration costs	32	31
Interest on defined benefit pension plan obligation	106	125
Defined benefit costs recognised in Statement of Comprehensive Income	138	156

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is £759k gain (2025: £529k gain) as follows:

	2026	**2025**
	£'000	**£'000**
Remeasurement on account of defined benefit liability	(848)	(2,290)
Remeasurement on account of plan assets	89	1,761
Actuarial gain	(759)	(529)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

24. Pensions (continued)

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

	2026 £'000	2025 £'000
Bonds	224	362
Equities	2,228	1,830
Liability driven investments	4,582	4,414
Other	8,448	8,185
Property	866	781
Cash	253	105
	16,601	15,677
Actual return on plan assets	823	(942)

25. Related party transactions

Members of the Management Board are related parties of the Association as defined by FRS 102.

The Association retains a register of members' interests. The following interests in related parties are required to be declared:

Tenant Board Members

The following members were tenants of the Association during the year and have/had tenancy agreements that are on the Company's normal terms and they cannot use their positions to their advantage.

Anne McGovern (resigned 24 September 2025)
Judith McGlashan
Pamela Paton

Transactions entered into with members, and rent arrear balances outstanding at 31 March 2026, are as follows:

	2026 £'000
Rent charged during the year	16
Arrears balances outstanding at 31 March 2026	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 (continued)

26. Cash Flow Analysis

Cash flow from operating activities	**2026 £'000**	**2025 £'000**
Surplus for the year	24,412	42,777
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	17,516	15,245
Increase / (decrease) in stock	231	(349)
Increase in trade and other debtors	(10,313)	(1,543)
Increase in trade and other creditors	4,300	1,121
Pension costs less contributions payable	(763)	-
Adjustments for investing or financing activities:		
Gain on disposal of tangible fixed assets	(505)	(1,078)
Government grants utilised in the year	(40,966)	(45,182)
Interest payable	11,571	9,601
Interest received	(26)	(25)
Gain on investment activities	(4,668)	(11,940)
Transfer of grant on disposal on MMR properties	6,001	-
Decrease in the valuation of housing properties	13,800	15,591
Increase in the valuation of other fixed assets	(71)	(455)
Net cash inflow from operating activities	20,519	23,763

27. Ultimate parent organisation

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

The only group into which the results of the association are consolidated is the Wheatley Group. The consolidated financial statements of the Wheatley Group may be obtained from the registered office of the Wheatley Group at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

SUPPLEMENTARY INFORMATION

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