



CONSOLIDATED RSL BORROWER GROUP FINANCIAL STATEMENTS

For the Year Ended

31 March 2025

**Wheatley Housing Group
RSL Borrower Group:**

Wheatley Homes Glasgow Limited
Loretto Housing Association Limited
Wheatley Homes East Limited
Wheatley Homes South Limited
Wheatley Development Scotland Limited
Wheatley Funding No. 1 Limited
Wheatley Group Capital plc

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

	Notes	2025 £ 000	2024 £ 000
Turnover	3	461,244	368,639
Operating expenditure	3	(320,713)	(308,567)
Other gains / (losses)	8	15,850	(393)
Operating surplus		156,381	59,679
Gain on disposal of fixed assets	9	1,192	926
Finance income	10	857	638
Finance charges	11	(74,612)	(69,168)
Movement in fair value of financial instruments	12	1,500	3,689
Surplus / (deficit) on ordinary activities before taxation		85,318	(4,236)
Tax charge	13	(4)	(10)
Surplus / (deficit) for the financial year		85,314	(4,246)
Unrealised surplus on the valuation of housing properties		46,831	238,430
Unrealised surplus / (deficit) on the valuation of office properties		541	(1,300)
Actuarial gain / (loss) in respect of pension schemes		7,169	(5,460)
Total comprehensive income for the year		139,855	227,424

All amounts relate to continuing operations.

The notes on pages 6 to 39 form part of these financial statements

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

	Revenue Reserve £ 000	Revaluation Reserve £ 000	Total Reserves £ 000
Balance at 1 April 2023	681,612	506,454	1,188,066
Total comprehensive income for the year	227,424	-	227,424
Transfer of reserves for the revaluation of housing properties	(238,430)	238,430	-
Transfer of reserves for the revaluation of office properties	1,300	(1,300)	-
Balance at 31 March 2024	671,906	743,584	1,415,490
Total comprehensive income for the year	139,855	-	139,855
Transfer of reserves for the revaluation of housing properties	(46,831)	46,831	-
Transfer of reserves for the revaluation of office properties	(541)	541	-
Balance at 31 March 2025	764,389	790,956	1,555,345

The notes on pages 6 to 39 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2025

	<i>Notes</i>	2025 £000	2024 £000
Fixed assets			
Social housing properties	16	3,051,976	2,927,353
Other tangible fixed assets	17	87,526	78,485
Investment property	18	212,975	144,420
Investments other	19	14,334	11,940
		<u>3,366,811</u>	<u>3,162,198</u>
Current assets			
Stock	20	2,278	1,926
Trade and other debtors	21	59,764	62,859
Cash and cash equivalents		<u>25,532</u>	<u>24,303</u>
		87,574	89,088
Creditors: amounts falling due within one year	22	(197,452)	(199,513)
Net current liabilities		<u>(109,878)</u>	<u>(110,425)</u>
Total assets less current liabilities		3,256,933	3,051,773
Creditors: amounts falling due after more than one year	23	(1,692,422)	(1,626,030)
		<u>1,564,511</u>	<u>1,425,743</u>
Provisions for liabilities			
Pension liability	25	(6,748)	(7,949)
Provision for other liabilities	24	(2,418)	(2,304)
Total net assets		<u>1,555,345</u>	<u>1,415,490</u>
Reserves			
Share capital		-	-
Revenue reserve		764,389	671,906
Revaluation reserve		<u>790,956</u>	<u>743,584</u>
Total reserves		<u>1,555,345</u>	<u>1,415,490</u>

The notes on pages 6 to 39 form part of these financial statements.
Company registration number SC426094.

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

	<i>Notes</i>	2025 £000	2024 £000
Net cash generated from operating activities	27	152,080	156,458
Cash flow from investing activities			
Improvement of properties		(79,893)	(76,186)
Acquisition and improvement of investment properties		(1,715)	(1,094)
Construction of new properties		(147,562)	(134,569)
Purchase of other fixed assets	17	(20,034)	(18,672)
Proceeds from sale of properties	9	2,559	2,523
Grants received	23	62,932	74,072
Grants repaid		-	-
Finance income		641	532
		(183,072)	(153,394)
Cash flow from financing activities			
Finance charges		(70,584)	(66,717)
Bank loan drawn down		242,818	115,000
Repayments of bank loans		(140,003)	(51,775)
Taxation		(10)	(5)
		32,221	(3,497)
Net change in cash and cash equivalents		1,229	(433)
Cash and cash equivalents at 1 April		24,303	24,736
Cash and cash equivalents at 31 March		25,532	24,303
Cash and cash equivalents at 31 March			
Cash		25,532	24,303

The notes on pages 6 to 39 form part of these financial statements.

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

1. Legal status

The financial statements report the consolidated results of Wheatley Homes Glasgow, Loretto Housing Association Limited, Wheatley Homes East Limited, Wheatley Housing South Limited, Wheatley Development Scotland Limited, Wheatley Funding No. 1 Limited and Wheatley Group Capital plc (“RSL Borrower Group”). All are subsidiaries of the Wheatley Housing Group Limited. The financial statements do not report the full consolidated Group results for the Wheatley Housing Group Limited.

The principal activities of the RSL Borrower Group is the provision of social housing and associated housing management services. The registered office of all the RSL Borrower Group subsidiaries is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

2. Accounting policies

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

Basis of accounting

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

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

The RSL Borrower Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plans were approved in February 2025 by the RSL Boards. As well as considering the impact of a number of scenarios on the business plans, the Board also adopted a stress testing framework against the base plan. These updated scenarios include severe but plausible downsides. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The RSL Boards, after reviewing the Group budgets for 2025/26 and the Group’s financial position as forecast in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, the Group has adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Boards have considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions have been set at an appropriate level to allow for customer difficulties in making payments; budget and business plan scenarios have been updated to take account of potential future changes in rent increases;

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

2. Accounting policies (continued)

- Development activity – budget and business plan scenarios have taken account of fluctuating labour costs, project delays, supply chain instability and availability of grant funding would could impact the new build programme;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of a revised profile of repairs and maintenance expenditure including the effect of inflation and increased demand;
- Investment in existing homes– forecast expenditure has been remodelled to take account of higher levels of investment spend;
- Liquidity – current available cash of £25.5m and unutilised loan facilities of £324.4m which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and
- The RSL Borrower Group’s ability to withstand other adverse scenarios such as higher interest rates and inflation.

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

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

The RSL Borrower Group contains companies which are public benefit entities.

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 RSL Borrower Group’s share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds; and
- allocation of share of assets and liabilities for multi-employer pension schemes. Judgments in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi-employer pension schemes and estimations performed by the RSL Borrower Group's actuarial advisers.

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

2. Accounting policies (continued)

Basis of consolidation

The RSL Borrower Group financial statements consolidate those of the Companies in the Borrower Group drawn up to 31 March 2025. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

New companies joining the RSL Borrower Group are accounted for under section 19.6 of FRS 102, as combinations that are in substance a gift. Any gain on acquisition is recognised through the Statement of Comprehensive Income as a gain on business combination. Companies are fully consolidated from the date on which they join the RSL Borrower Group.

Related party disclosures

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

Turnover

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

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

Grant income

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

Bad and doubtful debts

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

Supported housing

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

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

2. Accounting policies (continued)

Financial instruments

Financial assets

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

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

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

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

Financial liabilities

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

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

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

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

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

2. Accounting policies (continued)

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

Deposits and liquid resources

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

Pensions

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

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

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

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

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

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

2. Accounting policies (continued)

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

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

Fixed assets – social housing properties

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

- **Valuation of social housing stock**

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

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

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

2. Accounting policies (continued)

- **Valuation of social housing stock (continued)**

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

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

- **Depreciation and impairment**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the RSL Borrower 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 RSL Borrower Group has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

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

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

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

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

- **New Build**

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

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

2. Accounting policies (continued)

- **New Build (continued)**

The RSL Borrower Group's policy is to capitalise the following:

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

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

- **Properties held for demolition**

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

Investment properties

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

Commercial properties are held as investment properties and not subject to depreciation, they are held at existing use value and are subject to revaluation by an independent professional advisor qualified by the Royal Institute of Chartered Surveyors to undertake valuation. Commercial properties are re-valued at least every five years.

Changes in the valuation of investment properties are reported in the Statement of Comprehensive Income in profit or loss and disclosed within other income and gains.

New Build Grant and other capital grants

New Build Grant is received from central government and local authorities and is utilised to subsidise the costs of housing properties. New Build Grant is recognised as income in the Statement of Comprehensive Income under the performance model. In the case of new build this will be when the properties are completed. New Build Grant due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

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

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

2. Accounting policies (continued)

Other tangible fixed assets

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

	<u>Economic Life</u>
Office premises (valuation)	40 yrs
District heating (cost)	30 yrs
Furniture, fittings and office equipment (cost)	5-7 yrs
Computer equipment (cost)	3-7 yrs
Community Infrastructure (cost)	20 yrs
Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are made at the end of each reporting period.	

Provisions

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

Taxation

As charities, Wheatley Homes Glasgow, Loretto Housing Association Limited, Wheatley Homes East and Wheatley Homes South are exempt from corporation tax on their charitable activities by virtue of Section 478 Corporation Tax Act 2010 and from capital gains tax by virtue of Section 256 Capital Gains Tax Act 1992. A charge for taxation is made in the RSL Borrower Group's non-charitable companies, based on their taxable profit for the year.

Value Added Tax

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

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

3. Particulars of turnover, operating costs and operating surplus

Group

		2025			2024
	Turnover	Operating Costs	Other gains/ (losses)	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£ 000	£ 000	£ 000	£ 000	£ 000
Social lettings (note 4)	437,982	(290,761)	-	147,221	68,180
Other activities (note 5)	23,262	(29,952)	-	(6,690)	(8,108)
Other losses (note 8)	-	-	15,850	15,850	(393)
Total	461,244	(320,713)	15,850	156,381	59,679
 Total for previous reporting period	 368,639	 (308,567)	 (393)	 59,679	

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

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

Group	General Needs	Supported Housing	Other	2025 Total	2024 Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Rent receivable net of service charges	315,850	11,099	1,193	328,142	304,357
Service charges	4,727	1,042	375	6,144	5,852
Gross income from rents and service charges	320,577	12,141	1,568	334,286	310,209
Less rent losses from voids	(3,762)	(348)	(1)	(4,111)	(3,900)
Net income from rents and service charges	316,815	11,793	1,567	330,175	306,309
Grants released from deferred income – new build	89,834	856	6	90,696	27,604
Other revenue grants	16,381	727	3	17,111	13,028
Total turnover from social letting activities	423,030	13,376	1,576	437,982	346,941
Management and maintenance administration costs	(59,076)	(2,698)	(324)	(62,098)	(59,410)
Service costs	(9,765)	(512)	(129)	(10,406)	(9,826)
Planned and cyclical maintenance including major repairs costs	(34,125)	(1,208)	(248)	(35,581)	(31,674)
Reactive maintenance costs	(77,043)	(2,280)	(434)	(79,757)	(78,399)
Bad debts – rents and service charges	(1,679)	(64)	(18)	(1,761)	(2,263)
Depreciation of social housing	(97,348)	(3,375)	(435)	(101,158)	(97,189)
Operating costs from social letting activities	(279,036)	(10,137)	(1,588)	(290,761)	(278,761)
Operating surplus/ (deficit) from social lettings	143,994	3,239	(12)	147,221	68,180
Operating surplus/ (deficit) from social lettings for the previous reporting period	65,962	2,275	(57)	68,180	

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

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

Group

	Grants From Scottish Ministers £ 000	Other Income £ 000	Supporting People Income £ 000	Total Turnover £ 000	Total Operating £ 000	2025 Operating Surplus /(Deficit) £ 000	2024 Operating Surplus /(Deficit) £ 000
Wider role activities to support the community	-	1,300	-	1,300	(5,831)	(4,531)	(6,226)
Investment Property	-	13,126	-	13,126	(616)	12,510	11,208
Support activities	-	3,088	144	3,232	(2,859)	373	184
Demolition activities	-	-	-	-	(41)	(41)	(155)
Other income	-	5,318	-	5,318	(5,169)	149	1,736
Depreciation – Non Social Housing Organisation	-	-	-	-	(11,518)	(11,518)	(10,180)
Restructuring	-	-	-	-	(3,555)	(3,555)	(4,768)
Development & Construction of Property Activities	-	286	-	286	(363)	(77)	93
Total from other activities	-	23,118	144	23,262	(29,952)	(6,690)	(8,108)
Total from other activities for the previous reporting period	-	21,698	-	21,698	(29,806)	(8,108)	

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

6. Officers' emoluments

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

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

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

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

6. Officers' emoluments (continued)

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

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

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

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

7. Employees

In the year to 31 March 2025, the average full time equivalent number of employees of the Group, including senior officers, was 2,328 (2024: 2,300). The total number of staff employed was 2,404 (2024: 2,380).

Group	2025 £ 000	2024 £ 000
Staff costs (for the above persons)		
Wages and salaries	95,689	90,637
Holiday pay accrual movement	(135)	(87)
Social security costs	9,751	9,407
Employer's pension costs	7,104	11,272
FRS 102 Pension adjustment	5,518	1,970
	<u>117,927</u>	<u>113,199</u>

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

8. Other gains/ (losses)

	2025 £'000	2024 £'000
<i>Revaluation of investment properties:</i>		
Valuation movement (note 18)	15,850	(393)
Other gains/ (losses)	<u>15,850</u>	<u>(393)</u>

Gain/ (loss) on revaluation of investment properties:

A gain of £15,850k (2024: loss of £393k) has been recognised on the annual revaluation of investment properties. On completion of new-build investment properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the grant income relating to the properties to be recognised through profit or loss under the performance model. On the first formal annual valuation after completion, the results of the initial valuation are compared against the gross new-build development costs held in the Statement of Financial Position; this requirement results in an initial non-cash accounting loss being reported on new build additions to investment properties which is included in the overall movement reported for the year.

9. Gain on disposal of fixed assets

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

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

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

10. Finance income

	2025	2024
	£ 000	£ 000
Bank interest receivable on deposits in the year	857	542
Net return on pension asset	-	96
Total	<u>857</u>	<u>638</u>

11. Finance charges

	2025	2024
	£ 000	£ 000
Interest payable	70,695	65,697
Other financing costs	1,457	1,454
Amortisation of discount on convertible loan	(226)	(179)
Amortisation of interest on contingent efficiencies grant	2,167	2,051
Net cost on pension	519	145
Total	<u>74,612</u>	<u>69,168</u>

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

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

12. Movement in fair value of financial instruments

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

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

13. Tax on surplus on ordinary activities

	2025 £000	2024 £000
Total tax expense recognised in the Statement of Comprehensive Income:		
<u>Current tax:</u>		
Current tax on income for the year	4	10
Adjustment in respect of prior periods	-	-
	<u>4</u>	<u>10</u>
<u>Deferred tax:</u>		
Origination and reversal of timing differences	-	-
Effects of changes in tax rates	-	-
Adjustment in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Total tax charge	<u>4</u>	<u>10</u>

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

Factors affecting the tax charge for the current period

	2025 £000	2024 £000
Reconciliation of effective tax rate		
Surplus/ (deficit) for the year	85,314	(4,246)
Total tax expense	<u>4</u>	<u>10</u>
Surplus/ (deficit) for the year before taxation	85,318	(4,236)
Tax using the UK corporation tax rate of 25% (2024:25%)	21,329	(1,059)
Effects of:		
Charitable (profits) / losses not subject to tax	(19,843)	2,237
Qualifying charitable donations	(1,482)	(1,168)
Under provision in prior year	-	-
Expenses not deductible	-	-
Tax rate changes	-	-
Gain on disposal of chargeable assets	-	-
Effect of indexation allowance on chargeable gains	-	-
Total tax charge included in Statement of Comprehensive Income	<u>4</u>	<u>10</u>

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

14. Auditor's remuneration

	2025	2024
	£000	£000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of financial statements of subsidiaries pursuant to legislation	454	454

15. Financial commitments

Capital commitments

All capital commitments of the RSL Borrower Group were as follows:

	2025	2024
	£000	£000
Expenditure contracted for, but not provided in the financial statements	91,301	149,394
Expenditure authorised by the Board but not contracted	12,808	51,941
	104,109	201,335

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

Operating leases

At 31 March the RSL Borrower Group had commitments under non-cancellable operating leases as follows:

	2025 Land and Buildings	2025 Other	2024 Land and Buildings	2024 Other
	£000	£000	£000	£000
Operating lease payments due:				
Within one year	786	2,611	1,269	1,417
In the second to fifth years inclusive	1,781	2,042	2,103	109
Over five years	760	92	1,086	-
	3,327	4,745	4,458	1,526

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

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

16. Fixed assets – Social Housing Properties

	Core Stock £000	Housing Under Construction £000	Shared Owner- ship £000	Total £000
At Valuation				
At 1 April 2024	2,719,061	186,757	21,535	2,927,353
Additions	79,701	153,408	5	233,114
Disposals	(2,074)	(296)	(161)	(2,531)
Transfers	134,097	(186,811)	-	(52,714)
Revaluation	(50,051)	-	(3,195)	(53,246)
At 31 March 2025	2,880,734	153,058	18,184	3,051,976
Depreciation				
At 1 April 2024	-	-	-	-
Charge for year	(100,320)	-	(426)	(100,746)
Disposals	666	-	3	669
Revaluation	99,654	-	423	100,077
At 31 March 2025	-	-	-	-
Net Book Value - valuation				
At 31 March 2025	2,880,734	153,058	18,184	3,051,976
At 31 March 2024	2,719,061	186,757	21,535	2,927,353
Net Book Value – historic cost equivalent				
At 31 March 2025	2,648,849	186,757	16,848	2,852,454
At 31 March 2024	2,536,779	186,757	17,427	2,740,963

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

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

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

16. Fixed assets – Social Housing Properties (continued)

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

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

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the RSL Borrower Group's demolition programme, as detailed in the RSL Borrower Group's 30-year Business Plan for 2025/26. The demolition programme identifies 112 (2024: 814) properties for demolition over the next few years, with no long term investment expenditure associated with these properties.

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

The RSL Borrower Group's social housing properties, have been valued by Jones Lang LaSalle Limited, an independent professional advisers qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. The valuations were prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2025 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.50-7.00% have been used depending on the property archetype (2024: 5.75-7.00%). The valuation assumes a real rental income growth of 0.5% for the first year, followed by long-term real rental growth of 1.0% per annum for the Social Rented units, in line with the Association's 30-year Business Plan. Both mid-market and full market rent properties are assumed at a long-term real rental income growth of 0.50% throughout. The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

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

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

16. Fixed assets – Social Housing Properties (continued)

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

	2025	2024
Social Housing		
General needs	60,260	59,687
Shared ownership	356	358
Supported housing	1,811	1,853
Housing held for long-term letting	62,427	61,898
Housing approved/planned for demolition	112	814
Total Units	62,539	62,712

17. Fixed assets - other tangible fixed assets

	Community Infra- structure	Office Premises £ 000	District Heating £ 000	Furniture, fittings and equipment £ 000	Computer Equipment £ 000	Total £ 000
Cost						
At 1 April 2024	27,716	17,165	12,439	49,862	79,448	186,630
Additions	3,339	89	2,523	4,615	9,468	20,034
Disposals	-	-	-	(30)	-	(30)
Revaluation	-	(227)	-	-	-	(227)
At 31 March 2025	31,055	17,027	14,962	54,447	88,916	206,407
Depreciation						
At 1 April 2024	(5,323)	-	(4,673)	(39,713)	(58,436)	(108,145)
Charge for year	(1,463)	(768)	(387)	(2,212)	(6,688)	(11,518)
Disposals	-	-	-	14	-	14
Revaluation	-	768	-	-	-	768
At 31 March 2025	(6,786)	-	(5,060)	(41,911)	(65,124)	(118,881)
Net Book Value						
At 31 March 2025	24,269	17,027	9,902	12,536	23,792	87,526
At 31 March 2024	22,393	17,165	7,766	10,149	21,012	78,485

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

18. Investments

Investment properties

Group	Properties held for market rent £ 000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2024	130,056	14,364	144,420
Additions	187	-	187
Transfer from core stock	52,714	-	52,714
Disposals	(196)	-	(196)
Revaluation	15,674	176	15,850
At 31 March 2025	198,435	14,540	212,975
Net Book Value			
At 31 March 2025	198,435	14,540	212,975
At 31 March 2024	130,056	14,364	144,420

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

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

	2025	2024
Market Rent Properties		
Total Units	1,631	1,404

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

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

19. Investments –other

	2025 £'000	2024 £'000
Investment in Wheatley Group undertaking	14,334	11,940

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

20. Stock

Group	2025 £ 000	2024 £ 000
Stock at maintenance depot	2,278	1,926

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

21. Debtors

	2025 £ 000	2024 £ 000
Due in more than one year:		
Unsecured subordinated convertible loan	22,460	18,504
	22,460	18,504
Due within one year:		
Arrears of rent and service charges	19,772	20,370
Adjustment to discount arrears balances with payment plans (note 12)	(133)	(128)
Less: provision for bad and doubtful debts	(9,904)	(10,072)
	9,735	10,170
Prepayments and accrued income	13,200	7,786
Other debtors	11,612	20,692
Due from Wheatley Group undertakings	2,757	5,707
Total	59,764	62,859

Within debtors net rent arrears were £9.7m (2024: £10.2m), after taking account of the bad debt provision of £10.0m (2024: £10.1m). The value of rent arrears reported at the financial year end varies depending on the timing gap between the end of the four-weekly rental billing period and the year end date. The rent arrears reported at 31 March can include technical arrears for amounts due which are associated with the timing of direct payment for housing benefit.

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

22. Creditors: amounts falling due within one year

	2025	2024
	£ 000	£ 000
Amounts falling due within one year:		
Trade creditors	13,243	16,752
Accruals	41,492	46,486
Deferred income (note 23)	72,608	55,450
Rent and service charges received in advance	23,329	23,974
Salaries, wages, other taxation and social security	1,523	1,387
Corporation tax	1	10
Housing loans	29,790	33,503
Other creditors	13,204	16,429
Due to Wheatley Group undertakings	2,262	5,522
Total	197,452	199,513

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

	2025	2024
	£000	£000
Scottish Government loan	46,943	46,280
Housing loans	1,623,318	1,504,708
Deferred income (note 23)	22,161	75,042
Total	1,692,422	1,626,030

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

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

Interest costs are reported within finance charges (note 11). The movement in the fair value is reported on the face of the Statement of Comprehensive Income.

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

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

Housing Loans

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

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

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

Borrowings are repayable as follows:	2025 £ 000	2024 £ 000
In less than one year	29,790	33,503
Between one and five years	308,053	280,833
In more than five years	1,315,265	1,223,875
	<u>1,653,108</u>	<u>1,538,211</u>

The deferred income balance is made up as follows:

	Housing Association Grant £ 000	Other £ 000	Total Deferred Income £ 000
Deferred income as at 1 April 2024	124,305	6,187	130,492
Additional income received	59,443	3,489	62,932
Released to the Statement of Comprehensive Income	(91,050)	(7,605)	(98,655)
Deferred income as at 31 March 2025	<u>92,698</u>	<u>2,071</u>	<u>94,769</u>

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

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

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

	2025	2024
	£ 000	£ 000
Deferred income to be released to the Statement of Comprehensive Income:		
In less than one year (note 22)	72,608	55,450
In more than one year but less than five years	22,161	75,042
In more than five years	-	-
	94,769	130,492

Financial instruments

	2025	2024
	£ 000	£ 000
Financial assets:		
<u>Measured at amortised cost:</u>		
Debtors and accrued income	37,304	44,355
<u>Measured at fair value:</u>		
Unsecured subordinated convertible loan	22,460	18,504
Total	59,764	62,859

	2025	2024
	£ 000	£ 000
Financial liabilities:		
<u>Measured at amortised cost:</u>		
Creditors, accruals and deferred income	189,823	241,052
Bank loans	1,653,108	1,538,211
	1,842,931	1,779,263
<u>Measured at fair value:</u>		
Scottish Government loan	46,943	46,280
Total	1,889,874	1,825,543

Income earned and expense payable on the financial assets and liabilities is disclosed in note 10 and 11 respectively.

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

24. Provisions for liabilities and charges

	Insurance £ 000	Dilapidation Provision £ 000	Other £ 000	Total £ 000
At 1 April 2024	1,094	1,210	-	2,304
Provided in the year	-	20	278	298
Utilised	(38)	(146)	-	(184)
At 31 March 2025	1,056	1,084	278	2,418

Insurance

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

Dilapidation provision

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

Other

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

25. Pensions

Strathclyde Pension Fund

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

The latest full actuarial valuation was carried out as at 31 March 2023.

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

TPT Retirement Solutions - Scottish Housing Association Pension Scheme

Loretto Housing Association and Wheatley Homes East participated in the Pensions Trust Scottish Housing Association Pension Scheme (“SHAPS”) defined benefit section. This is a multi-employer defined benefit scheme and is funded and contracted out of the State Pension Scheme. Loretto Housing Association Limited transferred to the SHAPS Defined Contribution scheme with effect from 1 July 2013 and Wheatley Homes East transferred on 1 April 2014.

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

25. Pensions (continued)

TPT Retirement Solutions - Scottish Housing Association Pension Scheme (continued)

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

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

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

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

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

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

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

Wheatley Housing Group Defined Contribution Scheme

The RSL Borrower Group also operates a defined contribution scheme through the Cushon Master Trust and Aviva. These arrangements are open to all employees who are not members of the Strathclyde Pension Fund, SHAPS defined benefit or defined contribution scheme, or any other group scheme.

Employer contributions vary pro rata with the level of contributions chosen by the individual employee member, and range from 8% to 12%. Employer contributions are capped at 12%.

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

25. Pensions (continued)

Group Defined Benefit assets and obligations

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

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

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

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

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

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

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

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

25. Pensions (continued)

Group Defined Benefit assets and obligations (continued)

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

Movements in present value of defined benefit obligation

	SPF 2025 £000	SHAPS 2025 £000
Opening defined benefit obligation	448,466	45,817
Current service cost	9,580	-
Interest cost	21,410	2,148
Actuarial gains	(74,133)	(5,162)
Contributions by members	2,746	-
Benefits paid	(20,134)	(2,170)
Expenses	-	69
Closing defined benefit obligation	387,935	40,702

Movements in fair value of plan assets

	SPF 2025 £000	SHAPS 2025 £000
Opening fair value of plan assets	682,009	39,903
Expected return on plan assets	32,483	1,864
Actuarial losses	(8,493)	(3,943)
Contributions by the employer	4,131	69
Contributions by the members	2,746	-
Benefits paid	(20,134)	(2,170)
	692,742	35,723
Effects of changes in surplus not recoverable	(306,576)	-
Closing fair value of plan assets	386,166	35,723

	SPF Value at 31 March 2025 £000	SHAPS Value at 31 March 2025 £000	Total 31 March 2025 £000
Present value of funded defined benefit obligations	(386,166)	(40,702)	(426,868)
Present value of unfunded defined benefit obligations	(1,769)	-	(1,769)
Fair value of plan assets	692,742	35,723	728,465
Re-measurements for change in asset ceilings	(306,576)	-	(306,576)
Net liability	(1,769)	(4,979)	(6,748)

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

25. Pensions (continued)

Expense recognised in the Statement of Comprehensive Income

	SPF 2025 £ 000	SHAPS 2025 £ 000
Current service cost	7,525	-
Past service cost	2,055	-
Net interest on defined benefit obligation	235	284
Administration costs	-	69
	9,815	353

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is a £7,169k gain (2024: £5,460k loss).

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

	2025 £ 000	2024 £ 000
Equities	424,211	406,502
Corporate bonds	159,693	185,423
Property	64,128	70,186
Alternatives	24,802	23,744
Cash	55,631	36,057
	728,465	721,912
Actual return on plan assets	21,911	68,101

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

26. Related party transactions

The company retains a register of Directors' interests. During the year there were no interests in related parties that require to be disclosed or declared by Directors.

Tenant and factored homeowners Directors

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

Bernadette Hewitt – tenant of Wheatley Homes Glasgow

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

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

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

26. Related party transactions (continued)

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

	2025
	£ 000
Rent charged during the year	11
Arrears balances outstanding at 31 March	-

Other related parties

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

	Transactions in year £ 000	Year end balance £ 000
2025		
City Building (Glasgow) LLP	107,998	6,928
Strathclyde Pension Fund	4,131	-
TPT Retirement Solutions – Scottish Housing Association Pension Fund	69	-
Transforming Communities Glasgow	-	-
Scotcash CIC	-	-

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

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

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

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

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

27. Cash Flow Analysis

Reconciliation of surplus/ (deficit) to net cash inflow from operating activities

	2025	2024
	£ 000	£ 000
Surplus / (deficit) for the year	85,314	(4,246)
Depreciation of tangible fixed assets	112,676	107,369
Increase in stock	(352)	(213)
Increase / (decrease) in debtors	7,046	(4,479)
(Decrease) / increase in creditors and provisions	(14,615)	20,235
Pensions costs less contributions payable	5,449	1,903
Adjustment for investing or financing activities:		
Gain from the sale of tangible fixed assets	(1,192)	(926)
Taxation	4	(5)
Grants utilised in the year	(98,655)	(28,414)
Interest receivable	(857)	(638)
Interest payable	74,612	69,168
Movement in fair value of financial instruments	(1,500)	(3,689)
(Gain) / loss on investment activities	(15,850)	393
Net cash inflow from operating activities	152,080	156,458

28. Subsidiary and associated undertakings

The ultimate parent company of the companies in the RSL Borrower Group is Wheatley Housing Group Limited. The RSL Borrower Group is comprised of, Wheatley Homes Glasgow Limited, Loretto Housing Association Limited, Wheatley Housing East Limited, Wheatley Homes South Limited and Wheatley Development Scotland Limited, Wheatley Funding No.1 Limited, and Wheatley Group Capital plc. The immediate parent of Wheatley Group Capital plc is Wheatley Funding No.1 Limited. The objective of Wheatley Funding No.1 Limited is the provision of finance to the Registered Social Landlords in RSL Borrower Group.

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

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

28. Subsidiary and associated undertakings (continued)

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

Subsidiary	Legal status	Issued share capital
Wheatley Homes Glasgow Limited	Co-operative and Community Benefit Society	12 x £1 shares
Wheatley Homes East Limited	Co-operative and Community Benefit Society	129 x £1 shares
Loretto Housing Association Limited	Co-operative and Community Benefit Society	73 x £1 shares
Wheatley Housing South Limited	Company Limited by Guarantee	No share capital
Wheatley Development Scotland Limited	Company Limited by shares	2 x £1 shares
Wheatley Funding No.1 Limited	Company Limited by Guarantee	No share capital
Wheatley Group Capital plc	Public Company Limited by shares	12,500 x £1 shares

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

SUPPLEMENTARY INFORMATION

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