ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2026

Wheatley Homes South Limited

(A Charitable Company Limited by Guarantee)

(Company No. SC220297)
(Scottish Housing Regulator Registration No.315)
(Scottish Charity No. SC039896)

STRATEGIC 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 the Association is the provision and management of affordable rented accommodation. Wheatley Homes South Limited ("the Association" or "WH South") has a significant role in many of the towns and villages in Dumfries and Galloway, owning and maintaining over 10,300 homes.

OPERATING REVIEW

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

Over the past five years, WH South 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 95%. 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 £29.7m. We also grew the number of affordable homes during the year completing 20 new homes. Over the course of the strategy we have invested £178.8m on repairs and capital improvements to homes and communities and completed 230 brand new homes.

Our commitment to tackling homelessness is an important element of our five-year strategy. We allocated 437 homes to people experiencing homelessness during the year, bringing the total to 2,110 over the past five years and making a significant contribution to tackling this issue.

Customer engagement remains at the heart of everything we do. By the end of the financial year, 442 customers were registered with Stronger Voices, our customer feedback programme. Our customer satisfaction of 95% 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 1,378 customers experiencing financial hardship, created 134 jobs and training places, and provided furniture to 83 households.

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

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

STRATEGIC REPORT (Continued)

OPERATING REVIEW (Continued)

Building new homes
WH South completed 20 new homes for social rent at Johnstonebridge during 2025/26. Work also progressed on a further 166 new homes, comprising:

- 44 at Summerhill, Dumfries;
- 56 at Leswalt, Stranraer;
- 44 at College Mains, Dumfries;
- 13 at Johnstonebridge; and
- 9 Ashwood Drive, Dumfries.

Over the past five years, Wheatley Homes South has completed 230 new homes, all for social rent.

WH South continued to work with Dumfries and Galloway Council and the local community on the £130m regeneration of Lochside in Dumfries. The programme will transform the area through the delivery of hundreds of new homes, refurbishment of existing homes, improved travel routes and enhanced green space. During the year, the masterplan was launched, the Lochside Community Collective was established, and a range of consultation events took place to ensure residents could help shape the proposals. We also submitted our first detailed planning application for Findlater Court.

Investing in our homes
We delivered £14.8m of planned improvements to homes and communities over the year including:

- £2.0m on new kitchens for 253 homes and bathrooms for 20 homes;
- £2.1m on structures and roofs for 54 homes;
- £1.7m on modern, energy efficient windows and doors for 299 homes;
- £1.7m on new heating systems, including air source heat pumps, for 172 homes across Nithsdale and Dumfries & Galloway;
- £0.9m on internal and external improvement works to 47 homes; and
- £0.8m on external wall insulation for 59 homes.

Our investment programme reflects our targeted and strategic approach aligned to our tenant commitments and their priorities. Throughout the year, we maintained our focus on improving safety, comfort and the overall quality of homes, while meeting regulatory requirements.

Our repairs service
WH South carried out over 54,000 reactive repairs during the year and a total of £14.9m was spent on planned and reactive maintenance. Our average time to complete emergency repairs was 2.7 hours while non-emergency repairs averaged 9 days. The percentage of repairs completed right first time was 99.8%, up from 90.1% 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, 94.1% of cases were classified as mild.

STRATEGIC REPORT (Continued)

OPERATING REVIEW (Continued)

We also continued our work to protect customers from the risk of fire and our fire team carried out 101 person-centred fire risk assessments in homes during the year. We delivered fire safety products, including air fryers, fire-retardant bedding and ashtrays, to 76 customers; installed 45 stove guards; upgraded detection systems in 26 homes; and installed specialist detection systems in two homes. Since 2021, there has been a 38% reduction in the number of accidental fires in our 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, every WH South neighbourhood was rated five-star, the highest possible grade. A total of 31 WH South 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 almost 16 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 with volunteers from schools, council partners, Wheatley contractors and community groups on projects including litter-picks, recycling and tree planting in our communities.

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 South allocated 437 homes to those experiencing homelessness during the year, representing more than 55% of relevant lets. Over the past five years, WH South has allocated 2,110 homes to people experiencing homelessness. This included 44 temporary tenancies being 'flipped' into permanent homes for the people living in them.

Engaging with customers
We continued to engage with customers throughout the year, both online and in person. In 2025/26, almost 38,000 people used the WH South website and our social media following reached over 10,000.

By the end of the year, over 440 customers were registered with our Stronger Voices tenant engagement programme, helping to provide feedback and views across the range of the services we provide. Over 1,300 people attended community events, while around 270 people attended pop-up events and surgeries. We also held 13 panel meetings or focus groups during the year, and our customers accompanies us on over 35 walkabouts during the year. Five WH South 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 tenant involvement.

STRATEGIC REPORT (Continued)

OPERATING REVIEW (Continued)

Supporting our customers
A total of 5,522 WH South customers are now on Universal Credit, or approximately 54% of our customer base and an increase of more than 8% from last year as the migration from legacy benefit arrangements completed during the year. Our welfare benefit advisors supported over 1,150 people with their benefits over the year, resulting in £3.4m in financial gain for customers.

Wheatley Foundation, the Group's charitable trust, created 134 jobs and training places for people in our communities and supported over 1,350 customers experiencing financial hardship over the year, helping them maximise their income, manage outgoings and reduce costs.

As well as this, we:

- provided 83 households with 246 free items of upcycled furniture through Home Comforts;
- helped 147 new tenants with household budgeting, running a home and settling into their community through My Great Start, resulting in £152k in financial gain;
- provided starter packs for 210 tenants who needed support moving into their home;
- provided recycled digital devices for 38 tenants through our Techshare initiative;
- awarded 11 people from our homes a bursary to go to college or university; and
- helped 714 tenants with their rent through our Helping Hands fund.

A total of 555 children and young people in our homes and communities benefited from our Wheatley Foundation programmes in 2025/26. This included:

- 181 children under five who received 1,827 free books through the Dolly Parton Imagination Library initiative;
- 142 young people who took part in 'Dragon's Den'-style pitching through the Social Enterprise Academy; and
- 28 young people joined photography workshops with the Scottish Civic Trust.

We also collected donations and other support to help 184 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.

STRATEGIC REPORT (Continued)

FINANCIAL REVIEW

WH South generated an operating surplus of £21.2m for the year, compared with £32.9m in 2024/25. The reduction was primarily due to lower grant income recognised on the completion of new build properties, reflecting the timing and scale of completions in the year.

Excluding other gains and losses and the impact of grant income, WH South generated an underlying operating surplus from core operations of £15.7m, compared with £12.5m in 2024/25. This £3.2m increase reflects strong letting performance and the continued focus on minimising void periods, which increased rental and service charge income.

Surpluses from operating activities are fully re-invested in improvements to social housing properties.

Non-cash items reported within operating surplus are:

- In other gains and losses there is an upward movement of £0.3m (2025: upward movement of £0.3m) on the revaluation of mid-market and commercial rental properties. Housing for mid-market and commercial properties are valued on an open market value subject to tenancies basis and the increase in value in the year of £0.3m (2025: gain of £0.3m) is reported in operating surplus.

- Grant income recognised on the completion of new build properties is £3.8m compared to £16.4m in the prior year, a decrease of £12.6m. The grant received for new build is held on the Statement of Financial Position until the properties are completed when it is recognised as income through operating surplus. The amount recognised can vary from year-to-year dependent on the timing and size of the new build programme. A total of 20 new homes completed in 2025/26 compared to 101 new homes in 2024/25.

Turnover recognised in the Statement of Comprehensive Income in the year was £64.2m (2025: £74.4m). Rental and service charge income, net of void losses, accounted for £55.3m, representing 86.1% of total turnover (2025: £51.5m, 69.2%). The remaining turnover included:

- Grant income recognised on the completion of new build properties of £3.8m (2025: £16.4m)
- Other revenue grant income of £1.5m (2025: £3.8m) includes £1.4m funding received for aids and adaptations (2025: £0.7m). The prior year included £3.0m of Social Housing Net Zero grant income in respect of the company's energy efficiency programme in 2024/25.
- Investment property income from the letting of mid-market homes of £0.5m (2025: £0.5m).
- Other income including gift aid income from Wheatley Developments Scotland Ltd and income from repairs services totalling £2.0m (2025: £1.1m).

Expenditure
Operating costs for WH South in the year, totalled £43.3m (2025: £41.8m). The main areas of expenditure were:

- Management and maintenance administration costs associated with affordable letting activities totalling £11.1m (2025: £11.0m)
- Planned and reactive maintenance costs to our social letting properties of £14.9m (2025: £15.1m)
- Depreciation, for social and non-social housing assets of £14.5m (2025: £13.9m)
- Donations to Wheatley Foundation of £1.2m (2025: £0.3m) associated with our wider role in supporting communities in this financially challenging period.

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

Other expenditure in the year includes finance charges of £6.7m (2025: £7.0m) primarily representing interest on intra-group loans used to fund new build housing development.

Social housing properties increased in value by £48.7m (2025: decrease of £15.3m). On completion, new build social and investment properties are held on the Statement of Financial Position at valuation. Under FRS 102, grant income associated with these properties is recognised through profit or loss under the performance model. As the valuation of completed properties may be lower than the gross development cost, this can result in an initial valuation loss in the year of completion, which is reported after operating surplus. The Existing Use Value for Social Housing ("EUV-SH") methodology will not always reflect the full scale of capital investment undertaken in the year.

Cashflows
WH South continued to generate strong cashflows, with £34.5m generated from operating activities during the year (2025: £29.5m). At 31 March 2026, cash and cash equivalents were £3.4m, an increase of £0.5m in the year. This was after investment of £14.8m in existing social and mid-market rented homes and £29.5m in new build development, supported by £18.8m of grant income received during the year.

Rental debtors
At 31 March 2026, WH South had rent arrears of £2.1m offset by bad debt provisions of £1.2m (2025: £2.8m and £1.1m respectively).

Liquidity
At 31 March 2026, WH South had net current liabilities of £29.3m, compared with £4.5m in 2025. The increase primarily reflects higher deferred grant income due for release within one year, with 122 units expected to complete in 2026/27 compared with 33 units which were to complete at 31 March 2025.

WH South has sufficient liquidity to meet its liabilities as they fall due, supported by year-end cash balances of £3.4m and loan arrangements that provide capacity for ongoing investment in existing homes and the new build programme respectively.

Capital structure and treasury
WH South's activities are funded on the basis of a Business Plan which is updated annually. The main element of our long-term funding is the syndicated funds in Wheatley Funding No. 1 Ltd ("WFL1"), as detailed in note 20. At 31 March 2026, WH South had accessed £91.5m of the intra-group facility which is secured on its housing stock. Interest rate risk is managed at a group level by WFL1. External long-term funding is also provided through access to facilities with The Housing Finance Corporation and Allia, as detailed in note 20.

Investment in tenants' homes
During the year we invested £14.8m in improving tenants' homes. At the year-end our housing stock (including housing under construction) was valued at £547.3m (2025: £467.6m).

New Build
During the year, WH South completed 20 new social rent homes at Johnstonebridge. Total investment in the new build programme was £30.6m in the year, with the Business Plan projecting a further £215.1m of investment over the next five years.

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

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 Associations' charitable purpose.

The residual amount of revenue reserves, not represented by grant, 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, 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. 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 WH South. 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]

Josephine Catherine Totton CBE, Chair
16 September 2026

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

DIRECTORS' REPORT

WHEATLEY HOMES SOUTH BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

Directors and Directors' interests
The Directors of the Association who held office during the year and up to the signing of the financial statements were:

Name	Appointed	Resigned	Committees/Group Directorships during the year
Garry Alan Legg	20 September 2023	-	-
Michael Christopher Greaves-Mackintosh*	28 September 2017	-	Wheatley Foundation Limited
John Henderson	27 September 2018	-	Wheatley Developments Scotland Limited
Josephine Catherine Totton CBE (Chair)	21 September 2022	-	Wheatley Housing Group Limited Wheatley Solutions Limited
Hugh Martin*	30 March 2022	21 May 2025	-
John McCraw*	17 September 2019	20 June 2025	Wheatley Group Board (resigned 20 June 2025)
Joan Violet Pollard	13 May 2025	-	-
David Donald Carruthers	20 June 2025	-	-
Karen Margaret Hunter	29 March 2023	-	-
Alison Jane Clark Hutchison	08 January 2026	-	-
Helen Elizabeth Campbell	10 January 2026	-	-

* tenant of the Company

No directors who held office during the year held any disclosable interest in the shares of WH South.

The Directors are also trustees of the charity and are appointed by the members of WH South at its Annual General Meeting.

Creditor payment policy
WH South 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 information of which WH South'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 WH South's auditor is aware of that information.

DIRECTORS' REPORT (Continued)

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

The Directors acknowledge their responsibility for ensuring that WH South 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 WH South, or for publication;
- The maintenance of proper accounting records; and
- 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 focusing 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 Directors responsibilities in respect of the Annual Report and the financial statements

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

Company and charity law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent charitable company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent charitable company and of the group's income and expenditure for that period. In preparing each of the group and parent charitable company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

By order of the Board

[redacted]

Josephine Catherine Totton CBE, Chair
16 September 2026

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

INDEPENDENT AUDITOR'S REPORT TO TRUSTEES AND MEMBERS OF WHEATLEY HOMES SOUTH LIMITED

Opinion

We have audited the financial statements of Wheatley Homes South Limited ("the charitable company") for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position and the Statement of Cash Flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements

- give a true and fair view of the charitable company's affairs as at 31 March 2026 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024, 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 under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Going concern

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

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

Our conclusions based on this work:

- we consider that the trustees' 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 trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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 the entity 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 charitable company's 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 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.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting 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.

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

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

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

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

Other information

The trustees are responsible for the other information, which comprises the, Strategic Report, the Director's 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. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

We are also required to report to you if, in our opinion:

- the Statement on Internal Financial Control on page 10 does not provide the disclosures required by the relevant Regulatory Standards for systematically 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
- the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the charitable company has not kept adequate and proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

Trustees responsibilities

As explained more fully in their statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company'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 and section 69 of the Housing (Scotland) Act 2010.

Our audit work has been undertaken so that we might state to the charitable company's members and the charitable company's 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 charitable company, its members as a body and its trustees, as a body, for our audit work, for this report or for the opinions we have formed.

Michael Wilkie

Michael Wilkie (Senior Statutory Auditor)
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

	Note	**2026 £'000**	**2025 £'000**
Turnover	3	64,241	74,416
Operating expenditure	3	(43,344)	(41,809)
Other gains	3	288	262
Operating surplus		21,185	32,869
Loss on sale of fixed assets	9	(287)	-
Finance income	10	114	132
Finance charges	11	(6,693)	(7,034)
Increase in valuation of other fixed assets	15	19	17
Surplus for the year		14,338	25,984
Unrealised surplus / (deficit) on revaluation of housing properties	14	48,718	(15,288)
Total comprehensive surplus for the year		63,056	10,696

All amounts relate to continuing operations.

The notes on pages 21 to 42 form part of these financial statements.

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

	Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2024	130,389	156,948	287,337
Total comprehensive surplus for the year	10,696	-	10,696
Transfer of reserves for the revaluation of housing properties	15,288	(15,288)	-
Balance at 31 March 2025	156,373	141,660	298,033
Total comprehensive surplus for the year	63,056	-	63,056
Transfer of reserves for the revaluation of housing properties	(48,718)	48,718	-
Balance at 31 March 2026	170,711	190,378	361,089

All amounts relate to continuing operations.

The notes on pages 21 to 42 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

	Notes	**2026 £'000**	**2025 £'000**
Fixed assets			
Social housing properties	14	547,336	467,620
Other tangible fixed assets	15	3,298	2,593
Investment properties	16	12,160	11,851
		562,794	482,064
Current assets			
Stock	17	921	900
Trade and other debtors	18	8,038	9,122
Cash and cash equivalents		3,351	2,847
		12,310	12,869
Creditors: amounts falling due within one year	19	(41,582)	(17,403)
Net current liabilities		(29,272)	(4,534)
Total assets less current liabilities		533,522	477,530
Creditors: amounts falling due after more than one year	20	(172,262)	(179,326)
Provisions for liabilities			
Other provisions	21	(171)	(171)
Total net assets		361,089	298,033
Reserves			
Share capital		-	-
Revenue reserve including pension reserve		170,711	156,373
Revaluation reserve		190,378	141,660
Total reserves		361,089	298,033

These financial statements were approved by the Board on 19 August 2026 and were signed on its behalf on 16 September 2026 by:

[redacted]

Josephine Catherine Totton CBE, Chair
Chair

The notes on pages 21 to 42 form part of these financial statements.
Company Registered Number SC220297
Scottish Charity Number SC039896

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2026

	Notes	**2026 £'000**	**2025 £'000**
Net cash generated from operating activities	23	34,522	29,549
Cash flow from investing activities			
Improvement of properties	14, 16	(14,848)	(16,221)
Construction of new properties		(29,511)	(14,168)
Purchase of other fixed assets	15	(1,019)	(961)
Grants received	20	18,813	6,026
Finance income	10	114	132
		(26,451)	(25,192)
Cash flow from financing activities			
Finance charges		(6,567)	(6,660)
Drawdown of loan		12,500	6,000
Repayment of loan		(13,500)	(6,000)
		(7,567)	(6,660)
Net change in cash and cash equivalents		504	(2,303)
Cash and cash equivalents at 1 April		2,847	5,150
Cash and cash equivalents at 31 March		3,351	2,847

The notes on pages 21 to 42 form part of these financial statements.

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

1. Legal status

Wheatley Homes South Limited ("the Association" or "WH South") is a wholly owned subsidiary of The Wheatley Housing Group ("WHG"). The Association is limited by guarantee and registered under the Companies Act, is a registered Scottish Charity No.SC039896 and WH South 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 and associated housing management services.

The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL. WH South 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 preparation
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 prepare 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 budgets 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 Company 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:

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

2. Accounting policies (continued)

In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions to allow for customer difficulties in making payments and budget and business plan scenarios 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;
- Investment in existing homes– forecast expenditure has been modelled to take account of additional investment spend to deliver future energy efficiency improvements;
- Development activity – budget and business plan scenarios take 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 £29.3m, of which the majority of current liabilities (£19.7m) is comprised of deferred income, the entity's current available cash of £3.4m and access to £510.0m of undrawn loan facilities arranged through WFL1 are available to WH South 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 believes the Group and Association have sufficient funding in place and expect the 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 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 and other factors.

Judgements have been made in:
- Determining the appropriate discount rates used in the valuation of housing properties.
- Component accounting and the assessment of useful lives.
- The assessment of the fair value of financial instruments.

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

2. Accounting policies (continued)

Related party disclosures
The Association is a wholly owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Group which are publicly available. 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, revenue grants and other income. Turnover is recognised when there is entitlement, any performance conditions attached have been met, it is probable income will be received and the amount can be realised reliability. Income received in advance is treated as deferred income.

Grant income
Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a 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 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.

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.

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.

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

2. Accounting policies (continued)

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.

Fixed assets - housing properties
In accordance with 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 properties**

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 result in 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 Association's asset strategy and the requirement of 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. Freehold land is not subject to depreciation.

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
Bathrooms	25
External environment	20
External wall finishes	35
Heating system boiler	12
Internal works and common areas	20
Kitchens	20
Mechanical, electrical and plumbing	25
Structure and roofs	50
Windows and doors	30

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
Housing for Mid-Market Rent is valued on an open market value subject to tenancies basis at the date of the Statement of Financial Position by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation 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.

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 Institution 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 and local authorities and contributes to the costs of housing properties.

New Build Grant received is recognised as income in the Statement of Comprehensive Income when new build properties are completed, or the capital work is carried out. 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 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 is 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.

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

2. Accounting policies (continued)

Other tangible fixed assets
For other tangible 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 (cost)	5 years
Computer equipment (cost)	3 years
Office Improvements (cost)	10 years
Community infrastructure (cost)	20 years

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
Liabilities are provided for at the date of the Statement of Financial Position only where there is a legal or constructive obligation incurred which will probably result in the outflow of resources.

Leases
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Taxation
As a charity, the Association is exempt from corporation tax on its 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 to the extent that such income or gains are applied exclusively to charitable purposes.

Value Added Tax
The Company is registered for VAT. The Association is a member of the Wheatley Group VAT group. The majority of its income, including rental receipts, is exempt for VAT purposes.

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.

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

2. Accounting policies (continued)

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 Group'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 £'000	Operating Costs £'000	Other gains and (losses) £'000	Operating surplus £'000	Operating surplus £'000
Affordable letting activities (note 4)	60,632	(40,575)	-	20,057	31,561
Other activities (note 5)	3,609	(2,769)	-	840	1,046
Revaluation of investment properties (note 16)	-	-	288	288	262
Total	**64,241**	**(43,344)**	**288**	**21,185**	**32,869**
Total for previous reporting period	**74,416**	**(41,809)**	**262**	**32,869**	

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	2026 Total £'000	2025 Total £'000
Rent receivable net of service charges	54,083	1,475	55,558	51,733
Service charges	378	10	388	392
Gross income from rents and service charges	**54,461**	**1,485**	**55,946**	**52,125**
Less rent losses from voids	(605)	(17)	(622)	(608)
Net income from rents and service charges	**53,856**	**1,468**	**55,324**	**51,517**
Grants released from deferred income – new build	3,684	100	3,784	16,417
Other revenue grants	1,484	40	1,524	3,752
Total turnover from affordable letting activities	**59,024**	**1,608**	**60,632**	**71,686**
Management and maintenance administration costs	(10,837)	(296)	(11,133)	(11,034)
Service costs	(215)	(6)	(221)	(158)
Planned and cyclical maintenance including major repairs costs	(2,954)	(81)	(3,035)	(2,953)
Reactive maintenance costs	(11,487)	(313)	(11,800)	(12,179)
Bad debts – rents and service charges	(259)	(7)	(266)	(143)
Depreciation of affordable let properties	(13,745)	(375)	(14,120)	(13,658)
Operating costs from social letting activities	**(39,497)**	**(1,078)**	**(40,575)**	**(40,125)**
Operating surplus from social lettings	**19,527**	**530**	**20,057**	**31,561**
Operating surplus from social lettings for the previous reporting period	**30,722**	**839**	**31,561**	

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

	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	2026 Operating Surplus /(deficit) £'000	2025 Operating Surplus /(deficit) £'000
Wider role	-	847	**847**	(1,761)	(914)	(388)
Investment property activities	-	608	**608**	-	608	614
Support activities	148	-	**148**	(68)	80	87
Other income	-	2,006	**2,006**	(563)	1,443	1,147
Depreciation	-	-	**-**	(333)	(333)	(263)
Development & Construction of Property Activities	-	-	**-**	(44)	(44)	(151)
Total from other activities	**148**	**3,461**	**3,609**	**(2,769)**	**840**	**1,046**
Total from other activities for the previous reporting period	**144**	**2,586**	**2,730**	**(1,684)**	**1,046**	

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

6. Board members' emoluments

Board members received £640 (2025: £840) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties.

7. 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 Association pays a share of the costs of these personnel which includes employer pension contributions and benefits in kind.

	2026 £ 000	2025 £ 000
Aggregate emoluments payable to key management (excluding pension contributions and benefits in kind)	106	120

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

£0 to £10,000	1	-
£10,001 to £20,000	1	1
£20,001 to £30,000	4	5

The key management are defined for this purpose as the Chief Executive and the Group Executive team in post at 31 March 2026. 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 £7k (2025: £8k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2026.

Key management personnel in the year were as follows:

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)

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

8. Employees

	2026	2025
	No.	**No.**
The average monthly number of full-time equivalent persons employed during the year was	297	297
The average total number of employees employed during the year was	302	303

	£'000	**£'000**
Staff costs (for the above persons)		
Wages and salaries	12,899	12,574
Social security costs	1,592	1,244
Pension costs	1,183	1,143
	15,674	14,961

9. Loss on disposal of fixed assets

This includes disposal of component assets.

	2026	2025
	£'000	**£'000**
Net proceeds from disposal of fixed asset	-	-
Value of assets disposed	(287)	-
Loss on sale of fixed assets	(287)	-

10. Finance income

	2026	2025
	£'000	**£'000**
Bank interest receivable on deposits in the year	114	132

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

11. Finance charges

	2026 £'000	2025 £'000
Interest on loans	3,186	3,159
Interest on intragroup loans	3,113	3,683
Amortisation of loan premium	(52)	(52)
Other financing costs	446	244
	6,693	7,034

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

12. Auditor's remuneration

The remuneration of the auditor (excluding VAT):

	2026 £'000	2025 £'000
Audit of these financial statements	87	85
Other services	-	-
	87	85

13. Financial commitments

Capital commitments

All capital commitments were as follows:

	2026 £'000	2025 £'000
Expenditure contracted for, but not provided in the financial statements	20,520	30,591
Expenditure authorised by the Board but not contracted	-	-
	20,520	30,591

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

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

13. Financial commitments (continued)

Operating leases

At 31 March the Association had total commitments under non-cancellable operating leases as follows:

	2026 Land and Buildings	2026 Other	2025 Land and Buildings	2025 Other
	£000	£000	£000	£000
Operating lease payments due:				
Within one year	238	411	249	607
In the second to fifth years inclusive	95	927	173	404
Over five years	-	-	-	62
	333	1,338	422	1,073

Lease commitments include the timing of the full payment due under contract as required by FRS 102. The Association'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 2026 (continued)

14. Tangible fixed assets

Social Housing Properties

	Social Housing Properties £'000	Housing Under Construction £'000	Total £000
Valuation			
At 1 April 2025	450,235	17,385	467,620
Additions	14,827	30,622	45,449
Disposals	(1,548)	(44)	(1,592)
Transfers	6,365	(6,365)	-
Revaluation	35,859	-	35,859
At 31 March 2026	505,738	41,598	547,336
Accumulated Depreciation			
At 1 April 2025	-	-	-
Charge for year	(14,120)	-	(14,120)
Disposals	1,261	-	1,261
Revaluation	12,859	-	12,859
At 31 March 2026	-	-	-
Net Book Value - Valuation			
At 31 March 2026	505,738	41,598	547,336
At 31 March 2025	450,235	17,385	467,620
Net Book Value – Cost			
At 31 March 2026	315,442	41,496	356,938
At 31 March 2025	308,657	17,283	325,940

Total expenditure on repairs and capital improvements in the year on existing properties was £29.7m (2025: £31.3m). Of this, repair costs of £14.9m (2025: £15.1m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £14.8m (2025: £16.2m) shown as additions to core stock on the Statement of Financial Position.

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

14. Tangible fixed assets (continued)

Additions to core stock in the year of £14.8m in the year include:

£9.2m for component additions including:

- £2.0m on kitchens and bathroom;
- £2.1m on structures and roofs;
- £1.7m on windows and doors;
- £1.7m on new energy efficient heating systems;
- £0.9m on internal and external improvements;
- £0.8m on external wall finishes.

The remaining balance of £5.6m of additions to existing properties not associated with a specific component includes £4.0m on void improvements and £1.6m of medical adaptations.

Additions to housing under construction include capitalised interest costs of £1,069k (2025: £757k). Interest has been capitalised at the weighted average interest cost for the WHS of 4.55% (2025: 4.84%).

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Associations' demolition programme, as detailed in the Company's 30-year Business Plan for 2025/26. The demolition programme identifies 143 (2025: 224) properties for demolition over the next ten 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 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 date of the Statement of Financial Position to provide for these costs. Retained stock for letting has been valued at £505.7m. Housing under construction, with a NBV of £41.6m, is not included within this total.

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% and 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 0.50% 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 held at a value of £3,750k (2025: £3,995k). 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 2026 (continued)

14. Tangible fixed assets (continued)

The number of units of accommodation (excluding unlettable voids) held by the Association at 31 March is shown below:

	2026 No.	2025 No.
Social Housing		
General needs	9,945	9,925
Supported housing	272	272
Housing held for long-term letting	10,217	10,197
Housing approved/planned for demolition	27	38
Total Units	10,244	10,235

15. Other Tangible Fixed Assets

	Office Property £'000	Furniture, fittings & Equipment £'000	Total £'000
Valuation			
At 1 April 2025	300	6,825	7,125
Additions	-	1,019	1,019
Revaluation	(3)	-	(3)
At 31 March 2026	297	7,844	8,141
Accumulated Depreciation			
At 1 April 2025	-	4,532	4,532
Charge for year	22	311	333
Revaluation	(22)	-	(22)
At 31 March 2026	-	4,843	4,843
Net Book Value			
At 31 March 2026	297	3,001	3,298
At 31 March 2025	300	2,293	2,593
Net Book Value - cost			
At 31 March 2026	747	3,001	3,748
At 31 March 2025	769	2,293	3,062

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

16. Investment properties

	Properties held for market rent £'000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2025	11,319	532	11,851
Additions at cost	21	-	21
Revaluation taken to operating surplus	294	(6)	288
At 31 March 2026	11,634	526	12,160
Net Book Value			
At 31 March 2026	11,634	526	12,160
At 31 March 2025	11,319	532	11,851

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

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

	2026 No.	2025 No.
Mid-Market Rent Properties		
Total Units	101	101

17. Stock

	2026 £'000	2025 £'000
Materials on site	77	37
Van stocks	844	863
	921	900

Materials on site relates to items held but not yet installed into housing properties as part of the investment programme.

Van stocks are repairs materials for use by the in-house repairs service and are held at average cost.

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

18. Debtors

	2026	2025
	£'000	£'000
Arrears of rent & service charges	2,110	2,828
Less: Provision for bad and doubtful debts	(1,173)	(1,138)
	937	1,690
Prepayments and accrued income	1,766	2,546
Other debtors	5,257	4,771
Due from other group companies	78	115
	8,038	9,122

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

19. Creditors: amounts falling due within one year

	2026	2025
	£'000	£'000
Trade creditors	1,806	2,337
Accruals	1,744	1,889
Deferred income	19,691	4,184
Rent and service charges received in advance	1,606	1,277
Tax and social security	287	472
Bank loans	6,777	-
Other creditors	288	273
Due to other group companies	9,383	6,971
	41,582	17,403

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

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

	2026	2025
	£'000	£'000
Bank loans	75,434	81,017
Due to other group companies	91,500	92,500
Deferred income	5,328	5,809
	172,262	179,326

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

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 £449.5m from a syndicate of commercial banks, two committed facilities totalling £240.9m 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, bilateral banking facilities totalling £535m with RBS, Bank of Scotland, Barclays and Nationwide, and £102.3m charitable bonds via Allia Social Impact Investments. This provided total facilities of £2,116.7m for RSLs within the Wheatley Group.

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 South had accessed £91.5m 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 South has a £40.0m external loan with The Housing Finance Corporation Limited ("THFC") which is repayable in October 2043. In addition, there are four unsecured loans in place with Allia Social Impact Investments Limited, with maturity dates in December 2026, February 2028, February 2029 and March 2035.

WH South has secured a portion of its housing stock (£232.7m) against this facility. At 31 March 2026, 54.0% (£273.1m) of WH South's housing properties remained unsecured.

Borrowings are repayable as follows

	2026	2025
	£'000	£'000
In less than one year	6,777	-
In more than one year but less than five years	12,767	20,707
In more than five years	154,167	152,810
	173,711	173,517

Deferred income

Analysis of deferred income

	New Build Grant	Other grant income	Total
	£'000	£'000	£'000
Deferred income as at 1 April 2025	9,990	3	9,993
Additional income received	18,813	-	18,813
Released to Statement of Comprehensive Income	(3,784)	(3)	(3,787)
Deferred income as at 31 March 2026	25,019	-	25,019

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

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

Deferred income to be released to the Statement of Comprehensive Income:	**2026 £'000**	**2025 £'000**
In less than one year (note 19)	19,691	4,184
In more than one year but not less than five years	5,328	5,809
In more than five years	-	-
	25,019	9,993

Financial instruments

Financial assets:	**2026 £'000**	**2025 £'000**
Measured at amortised cost:		
Debtors and accrued income	8,038	9,122
Total	8,038	9,122

Financial liabilities:	**2026 £ 000**	**2025 £ 000**
Measured at amortised cost:		
Creditors, accruals and deferred income	40,133	23,212
Bank loans	173,711	173,517
Total	213,844	196,729

21. Provisions for liabilities and charges

	Dilapidations £'000	**Total £'000**
At 1 April 2025	171	171
Utilised	-	-
Added in the year	-	-
At 31 March 2026	171	171

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

22. Related party transactions

Members of the Management Board are related parties of the Company 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 Association's normal terms and they cannot use their positions to their advantage.

Mr Michael Christopher Greaves-Mackintosh
Mr Hugh Martin (resigned 21 May 2025)
Mr John McCraw (resigned 20 June 2025)
Mr David Donald Carruthers (appointed 20 June 2025)

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

	2026 **£'000**
Rent charged during the year	11
Arrear balances outstanding at 31 March 2026	-

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

23. Cash flow analysis

Cash flow from operating activities

	2026 £'000	2025 £'000
Surplus for the year	14,338	25,984
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	14,453	13,611
Decrease/ (increase) in trade and other debtors	1,084	(1,053)
Increase in trade and other creditors	1,896	494
Increase in stock	(21)	(3)
Adjustments for investing or financing activities:		
Government grants utilised in the year	(3,787)	(16,417)
Interest payable	6,693	7,034
Interest received	(114)	(132)
Gain on investment activities	(288)	(262)
Increase in valuation of office property	(19)	(17)
Loss on component disposals	287	310
Net cash inflow from operating activities	**34,522**	**29,549**

24. Ultimate parent organisation

The Company is a "wholly owned" 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 Company are consolidated is Wheatley Group. The consolidated financial statements of Wheatley Group may be obtained from the registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

SUPPLEMENTARY INFORMATION

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