



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2025

Wheatley Homes East Limited

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

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2025.

Principal Activities

The principal activity of Wheatley Homes East Limited ("WH East", "WHE", "the Association") is the provision and management of affordable rented accommodation. WH East has over 7,750 affordable homes in the east of Scotland.

OPERATING REVIEW

Customers are at the heart of our decision making and we strive to ensure the services we deliver are clearly aligned with their needs. This year 2024/25 saw customer satisfaction indicators showing positive results with high levels of tenancy sustainment, complaints handled efficiently, the building of significant numbers of new homes and an enduring commitment to helping customers navigate difficult economic challenges.

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

With the Scottish Government declaring a national housing emergency in May 2024, our commitment to tackling homelessness is an ever more important element of our five-year strategy. We allocated 412 homes to people who were homeless this year marking a contribution to tackling the housing emergency. We have at the same time retained our focus on sustainable communities and our tenancy sustainment figures remained strong at 94.4%, above the Scottish average of 91.2%.

Customer engagement remains at the heart of delivering our services, and more than 300 customers had signed up to our Stronger Voices customer engagement programme by the end of the year providing us with views and feedback on our services. Overall tenant satisfaction levels of 96% show the success of our commitment to ensuring services reflect our customers' priorities.

Building on the success of our 'Book It, Track It, Rate It' app where customers can book a repair online, track progress on the day and provide feedback afterwards, our 24/7 Customer First Centre specialists worked more closely than ever with frontline housing teams to deliver improvements to the repairs service, resolving issues more quickly. In the year, total expenditure on repairs and capital improvements to our existing homes and communities was £21.2m. We also grew the number of affordable homes completing 450 new homes during the year.

Wheatley Foundation, the Group's charitable arm, continued to alleviate the impact of poverty on the people we work for and help them access educational, training and employment opportunities. The Foundation created 216 jobs, training and apprenticeship opportunities for people in our homes and communities over the year, helped 970 customers with benefit claims, and provided 225 households with free furniture through the Home Comforts service.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

As we move into the final year of our 2021 to 2026 Your Home, Your Community, Your Future strategy and look to develop our new 2026 to 2031 strategy, we will continue to give people even more of a say on what happens in their communities, ensure our services are aligned with our customers' needs, and find new ways of supporting the people we work for through the challenges which lie ahead.

Here are some of the highlights of the year.

Building new homes

WH East built 450 new homes over the year, 312 for social rent and 138 for mid-market rent.

Our completed new homes included:

- 23 for social rent at in Tranent, East Lothian;
- 52 for social rent in two phases Deans South in Livingston, West Lothian;
- 25 for social rent at Doctor's Field in Rosewell, Midlothian;
- 33 for social rent at Rowanbank in Edinburgh;
- 25 for social rent at Sibbald's Brae in Rosewell, West Lothian;
- 25 homes (11 for social rent and 14 for mid-market rent) at South Fort Street, Leith;
- 119 mid-market rent homes and 137 social rent homes in three phases at West Craigs; and
- 5 mid-market rent homes and 6 social rent homes at Winchburgh.

We also started work on 23 homes for social rent in South Queensferry, 30 at Bonnyrigg, Midlothian, and another 38 at Deans South.

Investing in our homes

WH East delivered £7.3m of planned improvements to homes and communities over the year, including:

- £1.3m on structures and roofs including £810k on upgrades to pre-1919 tenements in Edinburgh, benefitting 103 customers;
- £0.5m on energy efficient improvements for 28 homes;
- £0.4m on new boilers and new heating systems for 88 homes in Edinburgh and West Lothian;
- £0.6m on low rise, internal and fire safety works;
- £0.4m on modern, energy efficient windows for 120 homes;
- £0.5m on new bathrooms for 77 homes in Ennis Court and Skibo Court, Edinburgh; and
- £0.4m on new kitchens for 80 homes.

Our repairs service

WH East carried out 32,705 reactive repairs over the year and a total of £13.9m was spent on planned and reactive maintenance. Our 'Book It, Track It, Rate It' app updates customers when their repair is booked and when the tradesperson is on their way, and also allows them to rate the service. The average rating over the year was 4.4 out of 5.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

We continued our focus on dealing with reports of damp and mould in our homes. We have set quick response targets to deal with reports of damp or mould and grade all reports of damp and mould with the vast majority mild in nature, and very low numbers of cases where significant mould or damp are present. Over 800 condition surveys using a firm of independent property surveyors combined with in person visits from housing officers were carried out during the year which confirmed that our housing stock is in good condition.

Our average time to complete emergency repairs was 3.8 hours while non-emergency repairs averaged 10 days. The percentage of repairs completed right first time for the year ended 2024/25 was 88%, marginally below our 90% target. We remained 100% compliant with gas safety.

Improving our communities

Our partnership with Keep Scotland Beautiful (KSB) sees the environmental charity assess the service delivered by our environmental teams. In 2024/25, more than 98% of WH East neighbourhoods were rated as five-star, the highest possible grade, with the rest working towards that target. A total of 13 WH East customers are now trained in KSB's standards and environmental monitoring and take part in regular estate walkabouts with frontline staff.

We held four 'environmental weeks of action' over the year, working with schools, council partners, community groups, volunteers and Wheatley contractors on litter-picks, recycling, tree planting and more. More than 500 people across Wheatley communities took part.

The Group Scrutiny Panel carried out a thematic review of our environmental services in 2024/25 and developed a report with 12 recommendations, with clarity of information, communication and partnership working as key themes. Our environmental teams are working through their recommendations to implement solutions to help further improve the service.

Our Community Improvement Partnership (CIP), the specialist team of police officers and our Anti-Social Behaviour Prevention and Intervention (ASBIP) officers, continued to support customers affected by anti-social behaviour. At the end of 2024/25, 83% of WH East neighbourhoods were classified as 'peaceful'.

Helping our tenants stay safe from fire has always been our top priority, and the number of accidental fires in Wheatley homes fell by 21% over the year. Wheatley's own fire team carried out 71 person-centered fire risk assessments in WH East's homes, and Scottish Fire and Rescue carried out 118 home fire safety visits. We installed 62 LD1 fire detection systems in our homes; delivered fire safety products such as fire-retardant bedding, ash trays and mail guards to 43 customers; carried out fire-related repairs to 33 homes; installed 24 stove guards in homes; and gave six customers specialised detection systems.

DIRECTORS' REPORT (continued)

OPERATING REVIEW (continued)

Letting homes

In addition to allocating 412 homes to those experiencing homelessness, including three through Housing First, a multi-agency partnership to tackle rough sleeping in which Wheatley Group plays a leading role, we also 'flipped' 22 lets to permanent homes for the people who were homeless living in them.

Engaging with customers

We continued to engage with our customers as much as possible over the year, both online and in person. A total of 39,163 people used the WH East website in 2024/25, an increase of 9,767 from the year before. Our total number of social media followers was 3,759, up 318 from last year, and we received 98 enquiries from customers on social media.

The number of customers involved in our Stronger Voices programme reached 302 by the end of 2024/25, with 22 focus groups and panel meetings, 61 walkabouts held over the year and 7 WH East customers were involved in the Group scrutiny panel. Feedback from customers informed a number of projects including a new bike store in Parliament Street in Leith, new lights on a pathway at Barracks View in Whitburn and fences painted in Bridgend Court.

Supporting our customers

More than 36% of WH East customers are now on Universal Credit, an increase of 7% from last year. Our team of welfare benefits advisors support customers with benefit claims helping 970 WH East customers this year, resulting in £2.9m of financial gain. Likewise our team of fuel advisors helped over 220 people.

Wheatley Foundation worked hard this year to help people in financial hardship, with 1,964 instances of support to help alleviate the effects of poverty on Wheatley Homes East customers and communities. As well as this, we:

- gave 225 households free upcycled furniture through Home Comforts;
- helped 94 new tenants with household budgeting, running a home and settling into their community through My Great Start;
- provided starter packs for 49 tenants who needed support moving into their home;
- created 216 jobs, training and apprenticeship opportunities for people in our homes and communities;
- provided recycled digital devices for 25 tenants through our Techshare initiative;
- awarded three people from our homes a bursary to go to college or university;
- delivered food packs to four families; and
- provided free books every month to 117 children under five through the Dolly Parton Imagination Library initiative.

Independent auditor

A resolution for the re-appointment of KPMG LLP as auditor is to be proposed at the forthcoming Annual General Meeting.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

An operating surplus of £66.4m (2024: £25.3m) was generated in the year. The movement in the operating surplus is driven by the increase in grant income recognised in relation to new build properties, the change in the revaluation of our mid-market and commercial rental properties reported in other gains and losses and an increase in the surplus from core operations.

Before taking account of other gains and losses and the timing of grant income recognised on new build completions, an operating surplus was generated from core operations of £9.3m (2024: £8.4m). The increase of £0.9m in 2024/25 underlying operating surplus is driven by our rent increase and strong letting performance and quick turnaround of properties when they become vacant generating an increase in income from our rents and service charges.

Non-cash items reported within operating surplus are:

- In other gains and losses a gain of £11.9m (2024: gain of £2.0m) 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. On completion of new build investment properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the associated grant income on these new completions to be recognised through profit or loss under the performance model and when the valuation is compared against gross development cost, this results in a non-cash accounting gain of £11.9m (2024: gain of £2.0m) being reported in operating surplus.
- Grant income recognised on the completion of new build properties is £45.2m compared to £14.9m in the prior year, an increase of £30.3m. 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 dependant on the timing and size of the new build programme. A total of 450 new homes completed in 2024/25 compared to 197 new homes in 2023/24.

Turnover recognised in the Statement of Comprehensive Income for the year was £96.7m (2024: £61.6m). Of this £41.5m (2024: £37.7m) was generated through rental and service charge income, net of void losses. The remainder included:

- Grant income recognised on the completion of new build properties, grant received from the Social Housing Net Zero fund to deliver energy efficiency improvements in homes and grant for medical adaptations totalling £45.9m (2024: £15.3m)
- £3.7m of investment property income from the letting of mid-market homes and commercial units (2024: £3.0m) which has increased due to the growth in the portfolio of mid-market rent properties following the completion of 138 new properties in the year
- Within other income, £2.0m income at our workshop, providing repairs and investment services to other Wheatley Group subsidiaries (2024: £1.4m) and £2.8m Gift aid income received from Wheatley Development Scotland (2024: £2.5m)

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Expenditure

Operating costs for the year amounted to £42.2m (2024: £38.3m), comprising the following main items:

- Letting activity management and administration costs of £6.8m (2024: £5.9m)
- Service costs of £2.8m (2024: £2.6m)
- Planned repair and reactive maintenance costs totalling £13.9m (2024: £12.8m)
- Total depreciation costs of £15.2m (2024: £14.2m)
- Costs associated with our wider role in supporting communities of £0.4m (2024: £0.8m), including donations to The Wheatley Foundation of £213k (2024 £380k) to provide continued support to our customers
- Costs attributable to the provision of repairs and investment services to external and other Group subsidiaries of £2.0m (2024: £1.1m)

Other expenditure in the year includes £9.6m of interest (2024: £8.0m) which is mainly interest on intra group loans which are used to fund the development of new build housing. The increase in the year reflects the increased borrowing to fund the development of new build housing.

Total comprehensive income for the year was £43.3m (2024: £37.0m) which includes a loss in the valuation of social housing properties of £15.6m (2024: gain of £20.4m). Social rent properties are valued using the Existing Use for Social Housing Valuation methodology ("EUV-SH") with the grant income recognised using the performance model and released to the Statement of Comprehensive Income on completion of the properties. This approach creates an initial valuation loss on new properties in the year of completion when compared to the gross development cost, with the valuation reported after the operating surplus. The Existing Use for Social Housing Valuation methodology ("EUV-SH") will not always reflect the scale of capital investment spend in the year.

Cashflows

The cash flow statement is shown on page 20. WH East continued to deliver strong levels of cash with £23.8m generating from operating activities (2024: £24.8m). At 31 March 2025, cash and cash equivalents were £1.9m; a reduction of £0.6m in the year. This is after the investment in the year of £7.4m in existing social housing properties, an increase of £0.6m from 2024/25 and a further £73.6m in new build development.

Liquidity

WH East reported net current liabilities as at 31 March 2025 of £49.0m (2024 £23.2m). The movement is due to an increase in deferred grant income to be released in less than one year with 345 units expected to complete in 2025/26. Loan arrangements are in place which provide sufficient capacity along with £1.9m cash balances at the year end to allow WH East to meet liabilities as they fall due and enable further investment in existing stock and the new build programme.

Capital structure and treasury

WH East'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. WHE currently has access to an intra-group facility of £245.9m (2024: £189m) which is secured on its housing stock. Interest rate risk is managed at a group level by WFL1.

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

Investment in tenants' homes

During the year we invested £7.4m in improving tenant's homes (2024: £6.8m). At the year-end our social housing stock, including housing under construction, was valued at £542.9m (2024: £522.5m).

New Build

During the financial year we completed 450 new build properties. Our new build programme invested £73.6m in the year. The Business Plan includes a further projected spend of £147.0m on the new build programme over the next five years.

Reserves Policy

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

Revenue reserve

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

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

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

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

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

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

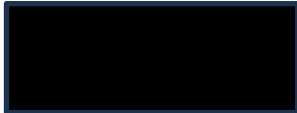
Revaluation reserve

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

Principal risks facing the Association

The Board are responsible for assessing the risks facing WH East. As a subsidiary of Wheatley Housing 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



Alastair Murray, Chair
22 September 2025

8 New Mart Road
Edinburgh
EH14 1RL

DIRECTORS' REPORT (continued)

WHEATLEY HOMES EAST BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

As at 31 March 2025 Wheatley Homes East's Rules allowed for the appointment of up to 12 Board members. With the exception of the Parent Appointee (if appointed), Board members are elected at the annual general meeting from the membership of the Association and retire by rotation every three years. Any member of the Association is entitled to stand for membership of the Board.

At 31 March 2025, there were 10 members (2024: 11 members) of the Wheatley Homes East Board: The members of the Board during the year are listed below:

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships during the year
Alastair Murray (Chair)	17 September 2020	21 September 2023	-	Wheatley Group Board West Lothian Housing Partnership Limited
Anne McGovern *	9 February 2017	21 September 2023	-	-
Heather Macnaughton	23 March 2023	21 September 2023	-	Wheatley Homes South: (resigned 29 March 2023) Wheatley Solutions Board
Helen Howden	17 September 2020	21 September 2023	19 September 2024	Wheatley Foundation Limited
Jack Cadell	29 November 2018	29 November 2024	-	Wheatley Developments Scotland Limited
Jane Menzies*	23 December 2020	23 December 2023	26 June 2024	-
Judith MacGlashan*	22 September 2022	-	-	West Lothian Housing Partnership Limited
Ruth Kynoch	19 December 2017	19 December 2023	-	Wheatley Foundation Limited
Mark Keane*	28 November 2019	28 November 2022	13 May 2024	-
Martin Dorby	21 September 2023	-	29 May 2024	Joined Wheatley Homes South 29 May 2024
Fiona Burden	21 May 2024	-	-	Wheatley Homes South: (resigned 21 May 2024)
Pamela Paton*	19 September 2024	-	-	
Kenneth Melville	28 November 2024	-	-	
Michelle Meldrum	28 November 2024	-	-	

* is / has been a tenant of the Association

DIRECTORS' REPORT (continued)

Creditor payment policy

Wheatley Homes East agrees payment terms with its suppliers when it enters into contracts. The average creditor payment period for the year was within 30 days.

Disclosure of information to auditor

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

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

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

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

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

The key procedures which have been established are as follows:

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

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

DIRECTORS' REPORT (continued)

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

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

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

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


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

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

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

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

By order of the Board



Alastair Murray, Chair
22 September 2025

8 New Mart Road
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EH14 1RL

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

Opinion

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

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the Association as at 31 March 2025 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the requirements of the Housing (Scotland) Act 2010, the Registered Social Landlords Determination of Accounting Requirements 2024, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

Our risk assessment procedures included:

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

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

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

We did not identify any additional fraud risks.

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

We also performed procedures including:

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

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

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

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

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

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

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

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

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

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

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

Other information

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

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

We are required to report to you if:

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

We have nothing to report in these respects.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

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

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

We have nothing to report in this respect.

Board's responsibilities

As explained more fully in their statement set out on page 12 the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

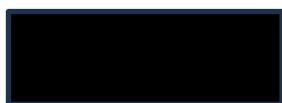
Auditor's responsibilities

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

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

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

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 69 of the Housing (Scotland) Act 2010, and to the Association's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Association and its Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and its Trustees, for our audit work, for this report, or for the opinions we have formed.



Michael Wilkie

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

23 September 2025

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

	Notes	2025 £'000	2024 £'000
Turnover	3	96,682	61,593
Operating expenditure	3	(42,211)	(38,278)
Other gains	3	11,940	1,973
Operating surplus		<u>66,411</u>	<u>25,288</u>
Gain on disposal of fixed assets	9	1,078	590
Finance income	10	25	39
Finance charges	11	(9,601)	(7,975)
(Decrease)/ increase in valuation of housing properties		(15,591)	20,394
Increase/ (decrease) in valuation of other fixed assets		<u>455</u>	<u>(28)</u>
Surplus for the financial year		42,777	38,308
Actuarial gain / (loss) in respect of pension schemes	23	<u>529</u>	<u>(1,265)</u>
Total comprehensive income for the year		<u>43,306</u>	<u>37,043</u>

All amounts relate to continuing operations.

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

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

	Revenue Reserve £'000
Balance at 1 April 2023	234,182
Total comprehensive income	37,043
Balance at 1 April 2024	<u>271,225</u>
Total comprehensive income	43,306
Balance at 31 March 2025	<u>314,531</u>

All amounts relate to continuing operations.

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

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2025

	<i>Notes</i>	2025 £'000	2024 £'000
Fixed assets			
Social housing properties	14	542,889	522,539
Other tangible fixed assets	15	11,284	10,421
Investment properties	16	85,304	43,704
		<u>639,477</u>	<u>576,664</u>
Current assets			
Stock	17	1,378	1,029
Trade and other debtors	18	8,435	6,892
Cash and cash equivalents		1,907	2,482
		<u>11,720</u>	<u>10,403</u>
Creditors: amounts falling due within one year	19	(60,753)	(33,633)
Net current liabilities		<u>(49,033)</u>	<u>(23,230)</u>
Total assets less current liabilities		590,444	553,434
Creditors: amounts falling due after more than one year	20	(273,707)	(279,599)
		<u>316,737</u>	<u>273,835</u>
Provisions for liabilities			
Pension liability	23	(2,206)	(2,610)
Total net assets		<u>314,531</u>	<u>271,225</u>
Reserves			
Share capital	22	-	-
Revenue reserve		314,531	271,225
Total reserves		<u>314,531</u>	<u>271,225</u>

These financial statements were approved by the Board on 21st August 2025 and were signed on its behalf on 22 September 2025 by:



Alastair Murray
Chair



Kenneth Melville
Board Member



Anthony Allison
Secretary

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

Charity registration number SC034572.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	<i>Notes</i>	2025 £'000	2024 £'000
Net cash generated from operating activities	25	23,763	24,797
Cash flow from investing activities			
Improvement of properties – housing stock		(7,363)	(6,797)
New build expenditure		(72,082)	(69,387)
Purchase of other fixed assets	15	(1,548)	(954)
Proceeds from disposal of properties	9	2,342	1,564
Grants received	20	22,223	39,887
Finance income	10	25	39
		<u>(56,403)</u>	<u>(35,648)</u>
Cash flow from financing activities			
Finance charges		(10,435)	(8,733)
Financing draw down		55,750	25,500
Repayment of loan		<u>(13,250)</u>	<u>(6,000)</u>
		32,065	10,767
Net change in cash and cash equivalents		(575)	(84)
Cash and cash equivalents at 1 April		2,482	2,566
Cash and cash equivalents at 31 March		<u>1,907</u>	<u>2,482</u>

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

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

1. Legal status

Wheatley Homes East Limited ("WHE", "WH East" or "the Association") is a wholly owned subsidiary of The Wheatley Housing Group ("WHG" or "the Group"). WHE is registered under the Co-operative and Community Benefit Societies Act 2014 No.1823R(S) and is a registered Scottish charity No.SC034572. WHE is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principal activity of the Association is the provision of social housing. Wheatley Homes East is a Public Benefit Entity. The registered office is 8 New Mart Road, Edinburgh, EH14 1RL.

2. Accounting policies

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

Basis of accounting

The financial statements of the Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2025, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for social housing providers 2018 ("SORP 2018"), issued by the National Housing Federation and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

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

The Board, after reviewing the Group and Association budgets for 2025/26 and the Group and Association'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 and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

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

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

2. Accounting policies (continued)

- Investment in existing homes– forecast expenditure has been remodelled to take account of additional investment spend to deliver future energy efficiency improvements;
- Development activity – budget and business plan scenarios have taken account of 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 £49m, of which the majority of current liabilities comprises deferred income of £37.6m, the entity's current available cash of £1.9m and access to undrawn loan facilities arranged through WFL1 of £324.4m, which are available to WHE and other Group RSLs, gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and
- The Association's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

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

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

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

Accounting judgements and estimations

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

Judgements have been made in:

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

Related party disclosures

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

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

2. Accounting policies (continued)

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

Income from social lettings, service charges, factoring, market and commercial rental activities is recognised when it is receivable. Grant income is recognised when any associated performance conditions have been met.

Grant income

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

Bad and doubtful debts

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

Supported housing and shared ownership

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

Financial instruments

Loans provided by Wheatley Funding Number 1 Limited ("WFL1") are classed as basic financial instruments, under the requirements of FRS 102, and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

Deposits and liquid resources

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

Pensions

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

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

2. Accounting policies (continued)

Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

In accordance with FRS 102, the WHE's share of the scheme assets and liabilities have been separately identified and are included in the Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. WHE's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension schemes.

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

Fixed assets – housing properties

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

• Valuation of Social Housing Stock

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

• Depreciation and impairment

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

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

	<u>Economic Life</u>
Land	n/a
Structure & roofs	50 yrs
Bathroom	25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works & common areas	20 yrs
Kitchen	20 yrs
Mechanical, electrical & plumbing	25 yrs
Windows and doors	30 yrs

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

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

2. Accounting policies (continued)

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

● **New build**

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

The Association's policy is to capitalise the following:

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

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

● **Non-social housing properties**

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

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

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

New Build Grant and other capital grants

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

New Build Grant is recognised as income in the Statement of Comprehensive Income when new build properties are completed or the capital work carried out under the performance model. New Build Grant due or received is held as deferred income until the performance conditions are satisfied; at that point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

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

2. Accounting policies (continued)

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

Shared ownership

Shared ownership properties are split between fixed assets and current assets. The allocation is determined by the percentage of the property to be sold under a first tranche disposal which is recorded as a current asset under Stock. The balance is recorded as social housing stock within fixed assets. Proceeds from a first tranche disposal are recorded as turnover, and costs through operating expenditure in the Statement of Comprehensive Income. Subsequent disposals are treated as a disposal of a fixed asset and are recorded through gain/loss on disposal of fixed assets.

Other tangible fixed assets

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

	<u>Economic Life</u>
Furniture, fittings and office equipment (cost)	5 – 10 yrs
Office improvements (cost)	10 yrs
Computer equipment (cost)	3 - 5 yrs
Plant & Machinery (cost)	5 yrs
District heating scheme (cost)	30 yrs
Solar panels (cost)	25 yrs
Office premises (valuation)	40 yrs

Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are made on a regular basis to ensure the carrying amount does not differ materially from the fair value at the end of the reporting period. Valuations are carried out at each reporting date.

Provisions

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

Taxation

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

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

2. Accounting policies (continued)

Value Added Tax

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

3. Particulars of turnover, operating costs and operating surplus

		2025		2024
	Turnover	Operating costs	Other gains/ (losses)	Operating Surplus
	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	87,721	(37,995)	-	49,726
Other activities (note 5)	8,961	(4,216)	-	4,745
Gain on investment properties (note 16)	-	-	11,940	11,940
Total	96,682	(42,211)	11,940	66,411
Total for previous reporting period	61,593	(38,278)	1,973	25,288

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

	General Needs £'000	Supported Housing £'000	Shared Ownership £'000	2025 Total £'000	2024 Total £'000
Rent receivable net of service charges	35,677	2,596	1,085	39,358	35,776
Service charges	1,743	538	375	2,656	2,552
Gross income from rents and service charges	37,420	3,134	1,460	42,014	38,328
Less rent losses from voids	(448)	(104)	-	(552)	(622)
Net income from rents and service charges	36,972	3,030	1,460	41,462	37,706
Grants released from deferred income – new build	45,182	-	-	45,182	14,852
Other Revenue Grants	684	393	-	1,077	900
Total turnover from affordable letting activities	82,838	3,423	1,460	87,721	53,458
Management and maintenance administration costs	(5,066)	(1,451)	(308)	(6,825)	(5,935)
Service costs	(2,537)	(137)	(127)	(2,801)	(2,649)
Planned and cyclical maintenance including major repairs costs	(4,510)	(252)	(225)	(4,987)	(4,717)
Reactive maintenance costs	(8,041)	(457)	(402)	(8,900)	(8,036)
Bad debts – rents and service charges	(342)	(18)	(17)	(377)	(264)
Depreciation of affordable let properties	(13,012)	(688)	(405)	(14,105)	(13,340)
Operating costs for affordable letting activities	(33,508)	(3,003)	(1,484)	(37,995)	(34,941)
Operating surplus/(deficit) for affordable letting activities	49,330	420	(24)	49,726	18,517
Operating surplus/(deficit) for affordable letting activities for the previous reporting period	18,210	367	(60)	18,517	

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

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

	Grants From Scottish Ministers £'000	Other Revenue £'000	Total Turnover £'000	Total Operating Costs £'000	2025 Operating Surplus /(Deficit) £'000	2024 Operating Surplus /(Deficit) £'000
Wider role activities to support the community	-	-	-	(369)	(369)	(593)
Investment property activities	-	3,727	3,727	-	3,727	2,980
Other income	-	5,234	5,234	(2,589)	2,645	3,308
Depreciation – Non Social Housing	-	-	-	(1,140)	(1,140)	(897)
Development & Constructions of Property Activities	-	-	-	(118)	(118)	-
Total from other activities	-	8,961	8,961	(4,216)	4,745	4,798
Total from other activities for the previous reporting period	-	8,135	8,135	(3,337)	4,798	

6. Board members' emoluments

Board members received £198 (2024: £612) by way of reimbursement of expenses. No remuneration is paid to board members in respect of their duties in the Association.

7. Employees- Key Management Emoluments

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

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

7. Employees - Key Management Emoluments (continued)

	2025 £'000	2024 £'000
Aggregate emoluments payable to key management (excluding pension contributions)	91	92

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

More than £nil but not more than £10,000	1	1
More than £10,000 but not more than £20,000	5	5

The key management are defined for this purpose as the Chief Executive and the Group Executive team in post at 31 March 2025. Emoluments include relocation expenses where appropriate.

The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff. Pension contributions of £6k (2024: £17k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2025.

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

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

8. Employees

	2025 No.	2024 No.
The average monthly number of full time equivalent persons employed during the year was	229	222
The average total number of employees employed during the year was	270	263

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

8. Employees (continued)

	2025	2024
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	10,631	9,780
Social security costs	1,067	1,007
Employer's pension costs	726	575
FRS 102 pension adjustment	31	30
	<u>12,455</u>	<u>11,392</u>

In addition to the above staff costs the Association incurred agency staff costs of £180k during the year (2024: £242k).

9. Gain on disposal of fixed assets

Gain on disposal in the year includes net income from the of 17 social rent properties, 2 shared ownership properties and 2 properties held for mid-market rent.

	2025	2024
	£'000	£'000
Proceeds from disposal of properties	2,342	1,564
Value of properties disposed	(1,264)	(974)
Gain on sale of fixed assets	<u>1,078</u>	<u>590</u>

10. Finance income

	2025	2024
	£'000	£'000
Interest on bank deposits	25	39
	<u>25</u>	<u>39</u>

11. Finance charges

	2025	2024
	£'000	£'000
Interest on bank borrowings	763	745
Interest on intra group loans	8,630	7,083
Net interest charge on pension liability (note 23)	125	61
Other financing costs	83	86
	<u>9,601</u>	<u>7,975</u>

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

12. Auditor's remuneration

	2025	2024
	£'000	£'000
The remuneration of the auditor (excluding VAT) is as follows:		
Audit of these financial statements	<u>85</u>	<u>85</u>

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

13. Financial commitments

Capital commitments

All capital commitments of the Association were as follows:

	2025 £'000	2024 £'000
Expenditure contracted for, but not provided in the financial statements	25,890	55,071
Expenditure authorised by the Board, but not contracted	3,450	27,453
	<u>29,340</u>	<u>82,524</u>

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

Operating leases

At 31 March 2025 total commitments under non-cancellable operating leases are as follows:

	2025 £'000	2025 £000	2024 £'000	2024 £000
	Land and Buildings	Other	Land and Buildings	Other
Commitments falling due:				
Within one year	37	663	18	-
In the second to fifth years inclusive	41	642	72	-
Over five years	-	-	14	-
	<u>78</u>	<u>1,305</u>	<u>104</u>	<u>-</u>

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

14. Tangible fixed assets

Social Housing Properties

	General needs £'000	Shared ownership £'000	Housing under construction £'000	Total £'000
Valuation				
At 1 April 2024	407,070	19,830	95,639	522,539
Additions	7,351	5	73,607	80,963
Transfers	67,203	-	(97,052)	(29,849)
Disposals	(933)	(161)	-	(1,094)
Revaluation	(26,475)	(3,195)	-	(29,670)
At 31 March 2025	454,216	16,479	72,194	542,889
Accumulated Depreciation				
At 1 April 2024	-	-	-	-
Charge for year	13,700	405	-	14,105
Disposals	(23)	(3)	-	(26)
Revaluation	(13,677)	(402)	-	(14,079)
At 31 March 2025	-	-	-	-
Net Book Value – Valuation				
At 31 March 2025	454,216	16,479	72,194	542,889
At 31 March 2024	407,070	19,830	95,639	522,539
Net Book Value – Cost				
At 31 March 2025	524,062	17,210	72,194	613,466
At 31 March 2024	464,118	17,768	95,639	577,525

Total expenditure on repairs and capital improvements in the year on social housing properties was £21,243k (2024: £19,481k). Of this, repair costs of £13,887k (2024: £12,753k) were charged to the Statement of Comprehensive Income (note 4) with capital improvement of £7,356k (2024: £6,728k) shown as additions to social housing properties on the Statement of Financial Position. Additions to social housing properties in the year of £7,356k (2024: £6,728k) in the year include:

- £4,072k for component additions including:
 - £426k on heating system boilers & heating
 - £629k for low rise works, internal works, common areas & fire safety;
 - £1,286k on structure and roofs;
 - £468k SHNZ works;
 - £407k on windows and doors;
 - £462k on bathrooms; and
 - £394k on kitchens;
- The remaining balance of £3,284k of additions to existing properties not associated with a specific component includes £1,258k on void improvements, £1,800k on capitalised repairs, and £226k of medical adaptations.

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

14. Tangible fixed assets (continued)

Additions to housing under construction include capitalised interest costs of £1.5m (2024: £1.4m). Interest has been capitalised at the weighted average interest cost for the association of 4.84% (2024: 4.64%).

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

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Association at 31 March 2025 is shown below:

	2025	2024
	No.	No.
Social Housing		
General needs	6,582	6,277
Shared ownership	328	330
Supported housing	348	358
Total Units	7,258	6,965

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

15. Other tangible fixed assets

	Office premises £'000	Office improvements £'000	Other fixed assets £'000	Total £'000
Cost or Valuation				
At 1 April 2024	4,788	9,771	1,822	16,381
Additions	-	179	1,369	1,548
Revaluation	335	-	-	335
At 31 March 2025	5,123	9,950	3,191	18,264
Accumulated Depreciation				
At 1 April 2024	-	4,152	1,808	5,960
Charge for year	120	766	254	1,140
Revaluation	(120)	-	-	(120)
At 31 March 2025	-	4,918	2,062	6,980
Net Book Value				
At 31 March 2025	5,123	5,032	1,129	11,284
At 31 March 2024	4,788	5,619	14	10,421

Office premises were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2025 in accordance with the appraisal and valuation manual of the RICS.

16. Investments

Investment Properties

	Properties held for mid- market rent £'000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2024	42,059	1,645	43,704
Additions	7	-	7
Disposals	(196)	-	(196)
Transfers	29,849	-	29,849
Revaluation taken to operating surplus	11,856	84	11,940
At 31 March 2025	83,575	1,729	85,304
Net Book Value			
At 31 March 2025	83,575	1,729	85,304
At 31 March 2024	42,059	1,645	43,704

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

16. Investments (continued)

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

The number of properties held for market rent by the Association at 31 March 2025 was:

	2025 No.	2024 No.
Mid-market rent properties		
Total Units	538	402

Commercial properties were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2025 in accordance with the appraisal and valuation manual of the RICS.

17. Stock

	2025 £'000	2024 £'000
Stock at maintenance depot	1,378	1,029
	<u>1,378</u>	<u>1,029</u>

18. Debtors

	2025 £'000	2024 £'000
Due within one year:		
Arrears of rent and service charges	1,836	1,509
Adjustment to discount arrears balances with payment plans to NPV	(15)	(1)
Factoring debtors	574	566
Less: provision for bad and doubtful debts	<u>(1,367)</u>	<u>(1,084)</u>
	1,028	990
Prepayments and accrued income	1,110	1,020
Other debtors	4,809	4,477
Due from other group companies	1,488	405
	<u>8,435</u>	<u>6,892</u>

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

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

19. Creditors: amounts falling due within one year

	2025 £'000	2024 £'000
Trade creditors	725	549
Accruals	2,936	2,648
Deferred income (note 20)	37,610	11,611
Rent and service charges received in advance	2,053	1,825
Other creditors	864	923
Tax and Social Security	300	204
Due to other group companies	16,265	15,873
	60,753	33,633

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

	2025 £'000	2024 £'000
Housing loans	35,759	35,213
Due to other group companies	231,385	188,865
Deferred income (note 20)	6,563	55,521
	273,707	279,599

Bank lending facility

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

This facility is provided through Wheatley Funding No. 1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Limited. At 31 March 2025 WHE had access to an intra-group facility of £231.5m, secured on its housing stock. Interest in the year has been charged at 4.84% (2024: 4.73%).

WHE has secured a portion of its housing stock (£422.2m) against this facility. At 31 March 2025, 23.8% (£132.1m) of WHE's housing properties remained unsecured.

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

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

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

Borrowings are repayable as follows:	2025 £'000	2024 £'000
In less than one year	-	-
In more than one year but less than five years	19,259	18,242
In more than five years	247,885	205,836
	<hr/> 267,144	<hr/> 224,078

Deferred income

The deferred income balance is made up as follows:

	New Build Grant £'000	Other £'000	Total deferred income £'000
Deferred income as at 31 March 2024	66,863	269	67,132
Additional income received	22,223	-	22,223
Released to the Statement of Comprehensive Income	(45,182)	-	(45,182)
Deferred income as at 31 March 2025	<hr/> 43,904	<hr/> 269	<hr/> 44,173

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

Deferred income to be released to the Statement of Comprehensive Income:	2025 £'000	2024 £'000
In less than one year (note 19)	37,610	11,611
In more than one year but less than five years	6,563	55,521
	<hr/> 44,173	<hr/> 67,132

21. Financial instruments

	2025 £'000	2024 £'000
Financial assets:		
<u>Measured at amortised cost:</u>		
Trade debtors and accrued income	8,435	6,892
	<hr/> 8,435	<hr/> 6,892
Financial liabilities:		
<u>Measured at amortised cost:</u>		
Creditors, accruals and deferred income	67,316	89,154
Bank loans	267,144	224,078
	<hr/> 334,460	<hr/> 313,232

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

22. Share capital

	2025	2024
	£	£
Shares of £1 each issued and fully paid		
At 1 April	107	105
Issued during year	4	2
Surrendered during year	(8)	-
At 31 March	103	107

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

23. Pensions

Pensions Trust Scottish Housing Association Pension Scheme

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

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

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

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

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

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

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

23. Pensions (continued)

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.

Defined Benefit assets and obligations

The assumptions that have the most significant effect on the results of the valuation 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%

*Salary increases are assumed to be 3.30% for 2025/26, 2.50% for 2026/7 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 improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.2 years (male) (2024: 20.2 years), 22.7 years (female) (2024: 22.7 years).
- Future retiree upon reaching 65: 21.5 years (male) (2024: 21.4 years), 24.2 years (female) (2024: 24.1 years).

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

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

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

23. Pensions (continued)

<i>Movements in present value of defined benefit obligation</i>	2025	2024
	£'000	£'000
Opening defined benefit obligation	20,119	19,922
Expenses	31	30
Interest cost	944	936
Actuarial gains	(2,290)	(232)
Benefits paid	(921)	(537)
Closing defined benefit obligation	<u>17,883</u>	<u>20,119</u>

Movements in fair value of plan assets

	2025	2024
	£'000	£'000
Opening fair value of plan assets	17,509	18,638
Experience on plan assets (excluding net interest on the defined benefit liability)	(1,761)	(1,497)
Interest income on plan assets (excluding net interest on the defined benefit liability)	819	875
Contributions by the employer	31	30
Estimated benefits paid	(921)	(537)
Closing fair value of plan assets	<u>15,677</u>	<u>17,509</u>
Net liability	<u>(2,206)</u>	<u>(2,610)</u>

Expense recognised in Statement of Comprehensive Income

	2025	2024
	£'000	£'000
Current service cost	-	-
Administration costs	31	30
Interest on defined benefit pension plan obligation	125	61
Defined benefit costs recognised in Statement of Comprehensive Income	<u>156</u>	<u>91</u>

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

23. Pensions (continued)

The total amount recognised in the Statement of Comprehensive Income in respect of actuarial gains and losses is £529k gain (2024: £1,265k loss).

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

	2025 £'000	2024 £'000
Bonds	362	1,281
Equities	1,830	2,028
Liability driven investments	4,414	6,332
Other	8,185	6,522
Property	781	871
Cash	105	475
	<u>15,677</u>	<u>17,509</u>
Actual return on plan assets	<u>(942)</u>	<u>(622)</u>

24. Related party transactions

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

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

Tenant Board Members

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

Anne McGovern
Judith McGlashan
Mark Keane (resigned 13 May 2024)
Jane Menzies (resigned 24 June 2024)
Pamela Paton (appointed 19 September 2024)

Transactions entered into with members, and rent arrear balances outstanding at 31 March 2025, are as follows:

	2025 £'000
Rent charged during the year	15
Arrears balances outstanding at 31 March 2025	-

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

25. Cash Flow Analysis

Cash flow from operating activities	2025 £'000	2024 £'000
Surplus for the year	42,777	38,308
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	15,245	14,237
Increase in stock	(349)	(270)
(Increase)/ decrease in trade and other debtors	(1,543)	1,074
Increase in trade and other creditors	1,121	1,863
<u>Adjustments for investing or financing activities:</u>		
Gain on disposal of tangible fixed assets	(1,078)	(590)
Government grants utilised in the year	(45,182)	(15,422)
Interest payable	9,601	7,975
Interest received	(25)	(39)
Gain on investment activities	(11,940)	(1,973)
Decrease/(Increase) in the valuation of housing properties	15,591	(20,394)
(Increase)/ decrease in the valuation of other fixed assets	(455)	28
Net cash inflow from operating activities	23,763	24,797

26. Ultimate parent organisation

WHE 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 WHE are consolidated is Wheatley Housing Group Limited. The consolidated financial statements of Wheatley Housing Group Limited may be obtained from the registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

SUPPLEMENTARY INFORMATION

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