



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2025

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 2025.

Principal activities

The principal activity of the Association is the provision and management of affordable rented accommodation. Wheatley Homes South Limited (“WHS” 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 in Scotland’s third largest region covering some 2,380 square miles.

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. Overall tenant satisfaction levels have improved from 88% in 2023/24 to 95% in 2025/26 demonstrating the success of our commitment to ensuring services reflect our customers’ priorities. This year 2024/25 saw a variety of customer satisfaction indicators showing positive results including high levels of tenancy sustainment. We also continued building significant numbers of new homes. Our staff work with 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 important element of our five-year strategy. We allocated 432 homes to people who were homeless this year marking a significant 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 90.8%.

Customer engagement remains at the heart of delivering our services, and 339 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.

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 £31.3m. We also grew the number of affordable homes completing 101 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 119 jobs, training and apprenticeship opportunities for people in our homes and communities over the year, helped 1,007 customers with benefit claims, and provided 207 households with free furniture through a local charity, SHAX.

STRATEGIC 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 South built 101 homes for social rent over the year, 54 at Curries Yard in Dumfries and 47 at Ewart Place in Springholm. Work is underway on another 44 homes for social rent at College Mains in Dumfries, and a further 33 at Johnstonebridge. We continued to consult with residents in Lochside on plans for new homes as well as the wider regeneration of the area.

Investing in our homes

We delivered £16.2m of planned improvements to homes and communities over the year including:

- £3.3m on energy-efficiency improvements to 96 homes across the region;
- £2.7m on structures and roofs for 97 homes;
- £1.0m on external wall insulation for 59 homes;
- £1.5m on modern, energy efficient windows for 168 homes;
- £1.7m on new heating systems, including air source heat pumps, for 94 homes; and
- £1.2m on new kitchens for 65 homes and bathrooms for 56 homes across Nithsdale and Dumfries & Galloway.

Our repairs service

We carried out 56,913 reactive repairs over the year at a total cost of £15.1m. 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 4.7 out of 5.

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 2,000 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 with no severe mould cases found.

Our average time to complete emergency repairs was 2.6 hours while non-emergency repairs averaged 8.9 days. The percentage of repairs completed right first time for the year ended 2024/25 was 89.4%, 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, all WH South neighbourhoods were rated as five-star, the highest possible grade. A total of 16 WH South customers are now trained in KSB's standards and environmental monitoring and take part in regular estate walkabouts with frontline staff.

STRATEGIC REPORT (Continued)

OPERATING REVIEW (Continued)

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 Wheatley Homes South 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. WH South's own fire team carried out 73 person-centred fire risk assessments in our homes, and Scottish Fire and Rescue carried out 85 home fire safety visits. We installed 26 LD1 fire detection systems in our homes; delivered fire safety products such as fire-retardant bedding, ash trays and mail guards to 46 customers; carried out fire-related repairs to 19 homes; installed 12 stove guards in homes; and gave nine customers specialised detection systems.

Letting homes

In addition to allocating 433 homes to those experiencing homelessness, including two through Housing First, a multi-agency partnership to tackle rough sleeping in which Wheatley Group plays a leading role, we also 'flipped' two temporary arrangements to provide permanent homes for tenants who had previously been experiencing homelessness.

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 33,564 people used the WH South website in 2024/25, down 2,332 from the year before. Our total number of social media followers was 7,971, up 199 from last year, and we received 121 enquiries from customers on social media, down 57 from 2023/24.

The number of customers registered with our Stronger Voices programme reached 339 by the end of 2024/25, with 29 focus groups and panel meetings, 177 walkabouts held over the year and four WH South customers were involved in the Group scrutiny panel at the end of 2024/25. Feedback from customers informed a number of initiatives including donations to Kelloholm and Hoddon primary schools and Ecclefechan Day Centre.

Supporting our customers

More than 46% of WH South customers are now on Universal Credit, an increase of 7% from last year. Our team of welfare benefits advisors support customers with benefits claims helping over 1,000 customers this year, resulting in £3.0m of financial gain. Likewise our team of fuel advisors helped 280 people.

Wheatley Foundation worked hard this year to help people in financial hardship, with 2,606 instances of support to help alleviate the effects of poverty on WH South customers and communities.

STRATEGIC REPORT (Continued)

OPERATING REVIEW (Continued)

As well as this, we:

- gave 207 households free upcycled furniture through a local charity, SHAX;
- helped 191 new tenants with household budgeting, running a home and settling into their community through My Great Start;
- provided starter packs for 155 tenants who needed support moving into their home;
- created 119 jobs, training and apprenticeship opportunities for people in our homes and communities;
- provided recycled digital devices for eight tenants through our Techshare initiative;
- awarded eight people from our homes a bursary to go to college or university;
- delivered food packs to 37 families; and
- provided free books every month to 238 children under five through the Dolly Parton Imagination Library initiative.

Independent Auditor

In accordance with Section 489 of the Companies Act 2006, 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 £32.9m (2024: £20.9m) for 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 the completions of new build properties and net zero investment projects, an operating surplus was generated from core operations of £12.5m (2024: £9.6m). The increase of £2.9m in the 2024/25 underlying operating surplus is due to our 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 there is an upward movement of £0.3m (2024: downward movement of £0.6m) 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 (2024: loss of £0.6m) is reported in operating surplus.
- Grant income recognised on the completion of new build properties is £16.4m compared to £5.6m in the prior year, an increase of £10.8m. 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 101 new homes completed in 2024/25 compared to 35 new homes in 2023/24.

Turnover recognised in the Statement of Comprehensive Income in the year was £74.4m (2024: £62.8m). Of this total, 69.2% or £51.5m (2024: 75.8% or £47.6m) 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 £20.2m (2024: £12.0m)
- Investment property income from the letting of mid-market homes totalling £0.5m (2024: £0.5m)
- Other income including gift aid income from Wheatley Developments Scotland Ltd and income from repairs services totalling £1.1m (2024: £1.6m).

Expenditure

Operating costs for WH South in the year, totalled £41.8m (2024: £41.3m). The main items of expenditure were:

- Management and maintenance administration costs associated with affordable letting activities totalling £11.0m (2024: £11.1m).
- Reactive maintenance costs to our social letting properties of £12.2m (2024: £11.8m).
- Planned and cyclical maintenance costs including major repair costs to improve our social housing properties of £3.0m (2024: £2.8m).
- Depreciation expenditure, for social and non-social housing assets of £13.9m (2024: £13.3m).
- Donations to Wheatley Foundation of £0.3m (2024: £0.6m) 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 £7.0m (2024: £6.5m) which is mainly interest on intra group loans which are used to fund the development on new build housing.

Social housing properties decreased in value by £15.3m. On completion of new build social and investment properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the grant income to be recognised through profit or loss under the performance model.

This approach creates an initial valuation loss on new properties in the year of completion when compared to the gross development cost which is reported after 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

WH South continued to deliver strong levels of cash with £29.5m generating from operating activities (2024: £27.8m). At 31 March 2025, cash and cash equivalents were £2.8m; a decrease of £2.3m in the year. This is after the investment of £16.2m in existing social housing properties and a further £14.2m in new build development after the receipt of £6.0m grant income during the year to support the development programme.

Rental debtors

At the statement of financial position date, WH South had rent arrears of £2.8m offset by bad debt provisions of £1.1m (2024: £3.1m and £1.3m respectively).

Liquidity

WH South had net current liabilities at 31 March 2025 of £4.5m (2024: £15.0m). The movement is due to a decrease in deferred grant income to be released in less than one year with 33 units expected to complete in 2025/26 (101 units expected to complete at 31 March 2024). Loan arrangements are in place which provide sufficient capacity along with £2.8m cash balances at the year end to allow WH South to meet liabilities as they fall due and enable further investment in existing stock and the new build programme.

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. WH South currently has access to an intra-group facility of £92.1m 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 £16.2m in improving tenant’s homes. At the year-end our housing stock (including housing under construction) was valued at £467.6m (2024: £465.4m).

New Build

During the financial year we completed 54 homes for social rent properties at Curries Avenue, Dumfries and 47 new homes for social rent at Ewart Place, Springholm. Work is continuing on another 33 social rent homes at Johnstonebridge. Our new build programme invested £15.1m in the year. The Business Plan includes a further projected spend of £160.5m on the new build programme 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 Company 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 Company’s Statement of Financial Position. The Company 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 Company’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 Company’s charitable purpose.

The residual amount of revenue reserves, not represented by grant, may be invested by the Company in line with its 30-year business plan financial projections. Such investment is subject to the Company maintaining a viable financial profile over the life of its business plan, as well as approval by the Wheatley Group Board. In approving the Company’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 Company’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 Company’s core charitable purpose.

Principal risks facing the company

The Board are responsible for assessing the risks facing WH South. 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



Josephine Boaden CBE, Chair
22 September 2025

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 Company 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 Legg	20 September 2023	-	-
Michael Greaves-Mackintosh*	28 September 2017	-	Wheatley Foundation Limited
John Henderson	27 September 2018	-	Wheatley Developments Scotland Limited
Hugh Martin*	30 March 2022	21 May 2025	-
John McCraw*	17 September 2019	20 June 2025	Wheatley Group Board (resigned 20 June 2025)
Martin Dorby	29 May 2024	-	Wheatley Homes East (resigned 29 May 2024)
Josephine Boaden CBE (Chair)	21 September 2022	-	Wheatley Housing Group Limited Wheatley Solutions Limited
Joan Pollard	13 May 2025	-	-
David Donald Carruthers	20 June 2025	-	-
Karen Hunter	29 March 2023	-	-

* tenant of the Company

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

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

Creditor payment policy

WH South 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 information of which the Company'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 Company's auditor is aware of that information.

DIRECTORS' REPORT (Continued)

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

The Directors acknowledge their responsibility for ensuring that the Company 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 Company, 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 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 Directors responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the group and parent charitable company 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 have 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



Josephine Boaden CBE, Chair
22 September 2025

Wheatley House
25 Cochrane Street
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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 2025 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 2025 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.

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

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; and
- Reading Board minutes
- 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.

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

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 Trustees' Annual report, Strategic Report and the Director's report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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

We are 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
- 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.

We have nothing to report in these respects.

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

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.

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

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 (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

23 September 2025

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	<i>Note</i>	2025 £'000	2024 £'000
Turnover	3	74,416	62,825
Operating expenditure	3	(41,809)	(41,306)
Other gains/ (losses)	3	262	(600)
Operating surplus		<u>32,869</u>	<u>20,919</u>
Gain on sale of fixed assets	9	-	359
Finance income	10	132	188
Finance charges	11	(7,034)	(6,473)
Increase in valuation of other fixed assets	15	<u>17</u>	<u>3</u>
Surplus for the year		25,984	14,996
Unrealised (deficit)/ surplus on revaluation of housing properties	14	<u>(15,288)</u>	<u>12,637</u>
Total comprehensive surplus for the year		<u>10,696</u>	<u>27,633</u>

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 2025

	Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2023	115,393	144,311	259,704
Total comprehensive surplus for the year	27,633	-	27,633
Transfer of reserves for the revaluation of housing properties	(12,637)	12,637	-
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

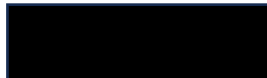
All amounts relate to continuing operations.

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	<i>Notes</i>	2025 £'000	2024 £'000
Fixed assets			
Social housing properties	14	467,620	465,426
Other tangible fixed assets	15	2,593	1,878
Investment properties	16	11,851	11,582
		<u>482,064</u>	<u>478,886</u>
Current assets			
Stock	17	900	897
Trade and other debtors	18	9,122	8,069
Cash and cash equivalents		2,847	5,150
		<u>12,869</u>	<u>14,116</u>
Creditors: amounts falling due within one year	19	(17,403)	(29,142)
Net current liabilities		<u>(4,534)</u>	<u>(15,026)</u>
Total assets less current liabilities		477,530	463,860
Creditors: amounts falling due after more than one year	20	(179,326)	(176,352)
Provisions for liabilities			
Other provisions	21	(171)	(171)
Total net assets		<u><u>298,033</u></u>	<u><u>287,337</u></u>
Reserves			
Share capital		-	-
Revenue reserve including pension reserve		156,373	130,389
Revaluation reserve		141,660	156,948
Total reserves		<u><u>298,033</u></u>	<u><u>287,337</u></u>

These financial statements were approved by the Board on 20 August 2025 and were signed on its behalf on 22 September 2025 by:



Josephine Boaden CBE
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 2025

	<i>Notes</i>	2025 £'000	2024 £'000
Net cash generated from operating activities	23	<u>29,549</u>	<u>27,800</u>
Cash flow from investing activities			
Improvement of properties	14, 16	(16,221)	(17,235)
Construction of new properties		(14,168)	(24,296)
Purchase of other fixed assets	15	(961)	(749)
Grants received	20	6,026	12,776
Finance income	10	132	188
Proceeds from sale of fixed assets	9	-	630
		<u>(25,192)</u>	<u>(28,686)</u>
Cash flow from financing activities			
Finance charges		(6,660)	(6,369)
Drawdown of loan		6,000	10,500
Repayment of loan		<u>(6,000)</u>	<u>(1,500)</u>
		(6,660)	2,631
Net change in cash and cash equivalents		(2,303)	1,745
Cash and cash equivalents at 1 April		5,150	3,405
Cash and cash equivalents at 31 March		<u>2,847</u>	<u>5,150</u>

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

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

1. Legal status

Wheatley Homes South Limited (“WHS” or “the Company”) is a wholly owned subsidiary of The Wheatley Housing Group (“WHG”). The Company is limited by guarantee and registered under the Companies Act, is a registered Scottish Charity No.SC039896 and WHS is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principal activity of the Company is the provision of social housing and associated housing management services. The Company registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

Wheatley Homes South Limited 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 to all periods presented in these financial statements.

Basis of preparation

The financial statements of the Company 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 Company 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 Company budgets for 2025/26 and the Group and Company’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 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 2025
(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 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 £4.5m, of which the majority of current liabilities comprises deferred income of £4.2m, current available cash of £2.8m and access to undrawn loan facilities arranged through WFL1 of £324.4m, which are available to WHS and other Group RSLs, gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and
- The Company’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 Company 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 Company 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 2025
(continued)**

2. Accounting policies (continued)

Related party disclosures

The Company 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. Consequently, the Company 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, 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 reliably. 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 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.

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.

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.

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

2. Accounting policies (continued)

Fixed assets - housing properties

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

- **Valuation of social housing of properties**

Housing properties are valued annually on an Existing Use Value for Social Housing (“EUUV-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 Company’s asset strategy and the requirement of Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Company 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 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 Company'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 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.

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 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 2025
(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 Company 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. WHS is a member of the Wheatley Housing Group VAT group. The majority of its income, including rental receipts, is exempt for VAT purposes.

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

3. Particulars of turnover, operating costs and operating surplus

	2025			2024	
	Turnover	Operating Costs	Other gains and (losses)	Operating surplus	Operating surplus
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	71,686	(40,125)	-	31,561	20,273
Other activities (note 5)	2,730	(1,684)	-	1,046	1,246
Revaluation of investment properties (note 16)	-	-	262	262	(600)
Total	74,416	(41,809)	262	32,869	20,919
Total for previous reporting period	62,825	(41,306)	(600)	20,919	

**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	2025 Total £'000	2024 Total £'000
Rent receivable net of service charges	50,358	1,375	51,733	47,860
Service charges	382	10	392	305
Gross income from rents and service charges	50,740	1,385	52,125	48,165
Less rent losses from voids	(592)	(16)	(608)	(523)
Net income from rents and service charges	50,148	1,369	51,517	47,642
Grants released from deferred income	15,981	436	16,417	5,619
Other Revenue Grants	3,652	100	3,752	6,427
Total turnover from affordable letting activities	69,781	1,905	71,686	59,688
Management and maintenance administration costs	(10,741)	(293)	(11,034)	(11,108)
Service costs	(154)	(4)	(158)	(234)
Planned and cyclical maintenance including major repairs costs	(2,875)	(78)	(2,953)	(2,790)
Reactive maintenance costs	(11,855)	(324)	(12,179)	(11,804)
Bad debts – rents and service charges	(139)	(4)	(143)	(474)
Depreciation of affordable let properties	(13,295)	(363)	(13,658)	(13,005)
Operating costs from social letting activities	(39,059)	(1,066)	(40,125)	(39,415)
Operating surplus from social lettings	30,722	839	31,561	20,273
Operating surplus from social lettings for the previous reporting period	19,735	538	20,273	

**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

	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	2025 Operating Surplus /(deficit) £'000	2024 Operating Surplus /(deficit) £'000
Wider role	-	825	825	(1,213)	(388)	(610)
Investment property activities	-	614	614	-	614	615
Support activities	144	-	144	(57)	87	80
Organisation restructuring	-	-	-	-	-	(164)
Other income	-	1,147	1,147	-	1,147	1,605
Depreciation	-	-	-	(263)	(263)	(280)
Development & Construction of Property Activities	-	-	-	(151)	(151)	-
Total from other activities	144	2,586	2,730	(1,684)	1,046	1,246
Total from other activities for the previous reporting period	148	2,989	3,137	(1,891)	1,246	

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

6. Board members' emoluments

Board members received £840 (2024: £700) 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 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.

	2025	2024
	£ 000	£ 000
Aggregate emoluments payable to key management (excluding pension contributions and benefits in kind)	120	117

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

More than £10,000 but not more than £20,000	1	1
More than £20,000 but not more than £30,000	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. 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 £8k (2024: £22k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2025.

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
Frank McCafferty	Group Director of Assets and Sustainability

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

8. Employees

	2025	2024
	No.	No.
The average monthly number of full-time equivalent persons employed during the year was	297	285
The average total number of employees employed during the year was	303	292
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	12,574	11,357
Social security costs	1,244	1,130
Pension costs	1,143	1,041
	<u>14,961</u>	<u>13,528</u>

9. Gain on disposal of fixed assets

This includes net income from the sale of one social rent property and land owned by WHS.

	2025	2024
	£'000	£'000
Net proceeds from disposal of fixed asset	-	630
Value of assets disposed	-	(271)
Gain on sale of fixed assets	<u>-</u>	<u>359</u>

10. Finance income

	2025	2024
	£'000	£'000
Bank interest receivable on deposits in the year	<u>132</u>	<u>188</u>

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

11. Finance charges

	2025	2024
	£'000	£'000
Interest on loans	3,159	3,145
Interest on intragroup loans	3,683	3,073
Amortisation of loan premium	(52)	(52)
Other financing costs	244	307
	<u>7,034</u>	<u>6,473</u>

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

12. Auditor's remuneration

The remuneration of the auditor (excluding VAT):

	2025	2024
	£'000	£'000
Audit of these financial statements	85	85
Other services	-	-
	<u>85</u>	<u>85</u>

13. Financial commitments

Capital commitments

All capital commitments were as follows:

	2025	2024
	£'000	£'000
Expenditure contracted for, but not provided in the financial statements	30,591	14,390
Expenditure authorised by the Board but not contracted	-	-
	<u>30,591</u>	<u>14,390</u>

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 2025
(continued)**

13. Financial commitments (continued)

Operating leases

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

	2025 Land and Buildings	2025 Other	2024 Land and Buildings	2024 Other
	£000	£000	£000	£000
Operating lease payments due:				
Within one year	249	607	474	620
In the second to fifth years inclusive	173	404	167	504
Over five years	-	62	-	-
	422	1,073	641	1,124

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

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

14. Tangible fixed assets

Social Housing Properties

	Social Housing Properties £'000	Housing Under Construction £'000	Total £000
Valuation			
At 1 April 2024	434,454	30,972	465,426
Additions	16,214	15,088	31,302
Disposals	(946)	(163)	(1,109)
Transfers	28,512	(28,512)	-
Revaluation	(27,999)	-	(27,999)
At 31 March 2025	<u>450,235</u>	<u>17,385</u>	<u>467,620</u>
Accumulated Depreciation			
At 1 April 2024	-	-	-
Charge for year	(13,348)	-	(13,348)
Disposals	637	-	637
Revaluation	12,711	-	12,711
At 31 March 2025	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value - Valuation			
At 31 March 2025	<u>450,235</u>	<u>17,385</u>	<u>467,620</u>
At 31 March 2024	<u>434,454</u>	<u>30,972</u>	<u>465,426</u>
Net Book Value – Cost			
At 31 March 2025	<u>308,657</u>	<u>17,283</u>	<u>325,940</u>
At 31 March 2024	<u>277,588</u>	<u>30,870</u>	<u>308,458</u>

Total WHS expenditure on repairs and capital improvements in the year on existing properties was £31.3m (2024: £31.8m). Of this, repair costs of £15.1m (2024: £14.6m) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £16.2m (2024: £17.2m) shown as additions to core stock on the Statement of Financial Position.

Additions to core stock in the year of £16.2m in the year include:

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

14. Tangible fixed assets (continued)

£11.4m for component additions including:

- £3.3m on new energy efficient heating systems;
- £2.7m on structures and roofs;
- £1.7m on heating;
- £1.5m on windows and doors;
- £1.2m on kitchens and bathroom;
- £1.0m on external wall finishes.

The remaining balance of £4.8m of additions to existing properties not associated with a specific component includes £4.0m on void improvements and £0.8m of medical adaptations.

Additions to housing under construction include capitalised interest costs of £757k (2024: £1,006k). Interest has been capitalised at the weighted average interest cost for the WHS of 4.84% (2024: 4.64%).

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Company's demolition programme, as detailed in the Company's 30-year Business Plan for 2025/26. The demolition programme identifies 224 (2024: 433) 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 £450.3m. Housing under construction, with a NBV of £17.4m, 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 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 0.50% throughout. The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

Included in core stock are 966 garages and 1,200 parking sites owned by WHS held at a value of £3,995k (2024: £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 2025
(continued)**

14. Tangible fixed assets (continued)

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

	2025	2024
Social Housing		
General needs	9,925	9,824
Supported housing	272	272
Housing held for long-term letting	<u>10,197</u>	<u>10,096</u>
Housing approved/planned for demolition	38	176
Total Units	<u>10,235</u>	<u>10,272</u>

15. Other Tangible Fixed Assets

	Office Property £'000	Furniture, fittings & Equipment £'000	Total £'000
Valuation			
At 1 April 2024	300	5,868	6,168
Additions	4	957	961
Revaluation	<u>(4)</u>	<u>-</u>	<u>(4)</u>
At 31 March 2025	<u>300</u>	<u>6,825</u>	<u>7,125</u>
Accumulated Depreciation			
At 1 April 2024	-	4,290	4,290
Charge for year	21	242	263
Revaluation	<u>(21)</u>	<u>-</u>	<u>(21)</u>
At 31 March 2025	<u>-</u>	<u>4,532</u>	<u>4,532</u>
Net Book Value			
At 31 March 2025	<u>300</u>	<u>2,293</u>	<u>2,593</u>
At 31 March 2024	<u>300</u>	<u>1,578</u>	<u>1,878</u>
Net Book Value - cost			
At 31 March 2025	<u>769</u>	<u>2,293</u>	<u>3,062</u>
At 31 March 2024	<u>786</u>	<u>1,578</u>	<u>2,364</u>

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

16. Investment properties

	Properties held for market rent £'000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2024	11,060	522	11,582
Additions at cost	7	-	7
Revaluation taken to operating surplus	252	10	262
At 31 March 2025	<u>11,319</u>	<u>532</u>	<u>11,851</u>
Net Book Value			
At 31 March 2025	<u>11,319</u>	<u>532</u>	<u>11,851</u>
At 31 March 2024	<u>11,060</u>	<u>522</u>	<u>11,582</u>

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

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

	2025	2024
Mid Market Rent Properties		
Total Units	101	101

17. Stock

	2025 £'000	2024 £'000
Materials on site	37	76
Van stocks	863	821
	<u>900</u>	<u>897</u>

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 2025
(continued)**

18. Debtors

	2025	2024
	£'000	£'000
Arrears of rent & service charges	2,828	3,116
Less: Provision for bad and doubtful debts	(1,138)	(1,285)
	<u>1,690</u>	<u>1,831</u>
 Prepayments and accrued income	 2,546	 2,139
Other debtors	4,771	3,847
Due from other group companies	115	252
	<u>9,122</u>	<u>8,069</u>

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

	2025	2024
	£'000	£'000
Trade creditors	2,337	2,353
Accruals	1,889	2,174
Deferred income	4,184	16,417
Rent and service charges received in advance	1,277	990
Tax and social security	472	437
Other creditors	273	270
Due to other group companies	6,971	6,501
	<u>17,403</u>	<u>29,142</u>

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	2024
	£'000	£'000
Bank loans	81,017	79,885
Due to other group companies	92,500	92,500
Deferred income	5,809	3,967
	<u>179,326</u>	<u>176,352</u>

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

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 £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, WHS had access to an intra-group facility of £92.50m, secured on its housing stock. Interest in the year has been charged at 4.84% (2024: 4.73%).

WHS 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.

Wheatley Homes South has secured a portion of its housing stock (£214.1m) against this facility. At 31 March 2025, 48.0% (£236.1m) of WH South’s housing properties remained unsecured.

Borrowings are repayable as follows

	2025	2024
	£’000	£’000
In less than one year	-	-
In more than one year but less than five years	20,707	14,118
In more than five years	152,810	158,267
	<u>173,517</u>	<u>172,385</u>

Deferred income

Analysis of deferred income

	New Build Grant £’000	Other grant income £’000	Total £’000
Deferred income as at 1 April 2024	20,384	-	20,384
Additional income received	6,023	3	6,026
Released to Statement of Comprehensive Income	(16,417)	-	(16,417)
Deferred income as at 31 March 2025	<u>9,990</u>	<u>3</u>	<u>9,993</u>

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

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

Deferred income to be released to the Statement of Comprehensive Income:	2025 £'000	2024 £'000
In less than one year (note 19)	4,184	16,417
In more than one year but not less than five years	5,809	3,967
In more than five years	-	-
	<u>9,993</u>	<u>20,384</u>

Financial instruments

Financial assets:	2025 £'000	2024 £'000
<u>Measured at amortised cost:</u>		
Debtors and accrued income	9,122	8,069
Total	<u>9,122</u>	<u>8,069</u>

	2025 £ 000	2024 £ 000
Financial liabilities:		
<u>Measured at amortised cost:</u>		
Creditors, accruals and deferred income	23,212	33,109
Bank loans	173,517	172,385
Total	<u>196,729</u>	<u>205,494</u>

21. Provisions for liabilities and charges

	Dilapidations £'000	Total £'000
At 1 April 2024	171	171
Utilised	-	-
Added in the year	-	-
At 31 March 2025	<u>171</u>	<u>171</u>

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

22. Related party transactions

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

The WHS 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 WHS 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.

Mr Michael Greaves-MacIntosh
Mr Hugh Martin
Mr John McCraw

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
Arrear balances outstanding at 31 March 2025	-

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

23. Cash flow analysis

Cash flow from operating activities

	2025	2024
	£'000	£'000
Surplus for the year	25,984	14,996
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	13,611	12,599
(Increase) / decrease in trade and other debtors	(1,053)	650
Increase / (decrease) in trade and other creditors	494	(2,076)
(Increase) / decrease in stock	(3)	58
<u>Adjustments for investing or financing activities:</u>		
Government grants utilised in the year	(16,417)	(5,636)
Interest payable	7,086	6,525
Interest received	(132)	(188)
Amortisation of loan	(52)	(52)
(Gain) / loss on investment activities	(262)	600
Increase in valuation of office property	(17)	(3)
Loss on component disposals	310	686
Gain on sale of fixed assets	-	(359)
Net cash inflow from operating activities	29,549	27,800

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 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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