Making Homes and Lives Better

Annual Report and Accounts 2015–2016

Investing in Our Futures

Contents

Our business at a glance	6
Chair's Report	8
Chief Executive's Report	11
Strategic Report	15
Directors' Report	41
Auditors' Report	56
Financial Statements	58

At Wheatley our nine partner organisations, together with our corporate group services, work together to achieve great things. We are one of Scotland's leading housing, care and property-management groups, owning or managing almost 80,000 homes and providing care and support to thousands of vulnerable people every week.

We now serve over 200,000 people in 17 local authority areas across central Scotland through our Registered Social Landlords, care organisations and commercial subsidiaries.

Each part of the Wheatley family is focused on delivering excellence, no matter what they do, and each remains firmly rooted in their communities, providing services tailored to the needs of their individual customers.

But it is by joining forces under the Wheatley banner – sharing experience, expertise and resources – that all our partner organisations are able to do much more than they ever could on their own.

Making homes and lives better
wheatley-group.com

Wheatley Group

Our business at a glance

39,235

GHA, Scotland's largest social landlord, with 39,235 affordable homes in Glasgow.

5767

Dunedin Canmore, with 5640 homes in Edinburgh, the Lothians and Fife, and a commercial arm, Dunedin Canmore Enterprises which owns 127 properties and provides property management and repairs services.

3438

Cube Housing Association, with 3438 homes for social rent across the West of Scotland.

1290

Loretto Housing, with 1290 affordable homes in the central belt.

381

West Lothian Housing Partnership, with 381 affordable homes.

2000

Loretto Care, which provides care and support services to more than 2000 people per week.

27,700

YourPlace Property Management, Scotland's "Feel Good Factor", with more than 27,700 customers.

517

Lowther Homes, which owns 517 mid and full-market properties from Glasgow's West End to Leith and manages a further 183.

361

Barony Housing Association which has 361 homes and provides care and support services to over 700 people from Edinburgh and the Lothians to Stirling and Falkirk.

Chair's Report

Alastair MacNish OBE
Chair of Wheatley Housing Group Board

It's easy to forget Wheatley Group only came into being in 2012. We've come a long way in those four short years, both in business terms and as a force for good in Scotland, I believe, in 'Making Homes and Lives Better' for the people we work for and the communities we serve.

"I am delighted to report 2015-16 was another year of significant growth and development, productive diversification and strong financial performance."

Alastair MacNish OBE
Chair of Wheatley Housing Group Board

It's easy to forget Wheatley Group only came into being in 2012. We've come a long way in those four short years, both in business terms and as a force for good in Scotland, I believe, in 'Making Homes and Lives Better' for the people we work for and the communities we serve.

Two new partner organisations, both with substantial footprints in the east of Scotland, have recently been welcomed into the Wheatley family. The highly-respected Dunedin Canmore Group, with almost 6000 affordable homes in Edinburgh, the Lothians and Fife, joined at the beginning of the financial year. Barony, one of Scotland's leading care providers – supporting over 700 people from Edinburgh and the Lothians to Stirling and Falkirk – became the latest addition to the Group, joining Wheatley on 1 April 2016.

It means Wheatley now operates across 17 local authorities as we continue to use our size and scale to increase the supply of much-needed affordable homes and provide award-winning housing, care and property management services to over 200,000 customers.

Excellent progress continues to be made on the ongoing implementation through to 2020 of our five-year strategy, 'Investing in Our Futures'. This is built around five pillars, all of which were shaped and influenced by the feedback of our tenants, the people we work for in care, YourPlace's factored homeowners and our 2300 staff. They are:

- customer service excellence
- growing our assets to provide more affordable housing
- transforming the care environment
- building the capability of our people, and
- establishing a strong and diverse funding base.

The strategic partnerships forged with several local authorities, including Glasgow and Edinburgh city councils and West Dunbartonshire Council, provide solid foundations on which we are playing our part in addressing the acute demand across Scotland for social and mid-market homes. Facilitated by the £300 million Wheatley raised on the bond markets in late 2014 and early 2015, we were able to complete 721 good-quality, affordable homes, with an additional 888 under way and a further 1528 in development.

As a strong sector innovator, Wheatley is leading the way in bringing housing and care together in supporting families, couples and individuals and communities. An outstanding example is our ground-breaking Tenancy Support Service, providing specialised care to vulnerable tenants at risk of losing their home, which helped over 1140 people across our Registered Social Landlords.

Another major development was the agreement of outline Heads of Terms for a new Joint Venture (JV) with Glasgow City Council, which will see Wheatley become joint owner of City Building (Glasgow). It is intended that the JV will deliver Wheatley's £33million a year (excluding VAT) repairs service, GHA's £27million annual capital investment programme and the council's own repairs, worth £30million annually.

Our over-riding priority, as we considered all options for the future delivery of Group repairs, was to ensure tenants and factored homeowners continued to receive an outstanding service, whilst gaining maximum value for money. Following an independent review and careful Board assessment, we decided a JV with Glasgow City Council provided the best opportunity to achieve both.

Strong financial management and performance throughout the year saw us outperform our revenue budget by over £2 million, realising an operating margin of 52% and a surplus after interest and tax of £111 million. The Group is in a healthy financial position and is well-placed to adapt to any challenges which may arise following the UK's vote in June 2016 to leave the European Union.

£111m

surplus after interest and tax

Chief Executive's Report

Martin Armstrong
Wheatley Housing Group Chief Executive

The financial year 2015-16 proved one of the most exciting and significant yet on our "Journey to Excellence".

"Dedicated staff across the Group continued to provide some of the highest levels of service in housing, care and property management in the UK."

Martin Armstrong
Wheatley Housing Group
Chief Executive

The financial year 2015-16 proved one of the most exciting and significant yet on our "Journey to Excellence".

In fact, our commitment to excellence in serving 200,000 people across Scotland reached new heights and received unparalleled recognition.

The UK Government Cabinet Office's prestigious Customer Service Excellence (CSE) scheme awarded Wheatley no fewer than 16 Compliance Plus and 34 Full Compliance ratings. It is the second best performance in CSE history.

Another fine example was GHA's attainment of Investors in People (IiP) Platinum status, the highest accolade available, and one that has been awarded to only a handful of organisations in the UK. These are just two of many accreditations and awards won by the dedicated, expert staff of Wheatley and its partner organisations.

Our efforts to address and meet the acute and growing demand for affordable housing continued apace, as did our ongoing work to maintain and improve our existing housing stock.

GHA, Scotland's largest Registered Social Landlord, has now invested almost £1.5billion in Glasgow since stock transfer in 2003, while Cube Housing Association continued to lead the way in developing energy-efficient homes by investing almost £11 million in three new district heating schemes. One, at Broomhill, Glasgow, will see over 700 households benefit from lower fuel bills thanks, in part, to our successful application for a Scottish Partnership for Regeneration of Urban Centres ("SPRUCE") loan, a joint Scottish Government and European Regional Development Fund initiative. West Lothian Housing Partnership also launched a £1.3million investment plan for its homes and developed plans for its first new-build housing.

Certainly, the skyline of Glasgow changed forever during the year as our demolition programme moved into its final phase. Three multi-storeys were blown down by GHA at Tarfside Oval on the South Side, while one was "picked down" by long-reach machinery. Another two blocks, the Bluevale and Whitevale towers in the East End - at one time the tallest in Europe - were dismantled floor by floor, using an innovative "TopDownWay" technique, developed in Italy and previously used only in France.

The six remaining Red Road multi-storeys in the north of the city, famous and infamous in equal measure, represented a significant demolition challenge, given their steel frames and their sheer height and scale. And so it proved. Four blocks fell perfectly. Two, demonstrating true Glasgow grit, proved more stubborn, with around a dozen floors left standing. They were quickly and safely brought to ground in the days that followed using long-reach machinery.

In "Making Homes and Lives Better", we took great strides in both strengthening and integrating our housing and care services. Our ground-breaking approach to supporting the people we work for was underpinned when Barony, which provides excellent care services to 700 people from Edinburgh and the Lothians to Stirling and Falkirk, joined the Wheatley family.

Barony's expert staff and offering complements perfectly the outstanding work done by Loretto Care, our existing care partner, whose passionate, dedicated staff deliver highly-personalised support to over 2000 people in the west of Scotland each week. In fact, our award-winning care services, which enable the people we work for to shape and draw down the highly-personalised services they need, are now well established as a key component of our five-year "Investing in Our Futures" strategy.

Barony join Dunedin Canmore, who we welcomed to the Group during the year, in strengthening our presence in the east of Scotland, allowing thousands of customers to benefit from excellent customer services.

Housing staff across the Group continued to develop and expand the services provided to tenants, many of them vulnerable, giving them more ways to access jobs and training, furnish their homes, get online and receive expert advice on benefits, money and budgeting. Over the past two years, our Welfare Benefit Advisors have now helped tenants receive over £12million in unclaimed benefits, while online access in our communities was boosted by the opening of our 35th Click & Connect computer learning centre, run in conjunction with local colleges.

Tenants and our factored homeowners are also benefiting from new online services that enable them to pay bills, report repairs and keep on top of their accounts.

Our commercial subsidiaries YourPlace and Lowther Homes both showed a strong performance against their income and growth targets. YourPlace delivered £1.29million in gift aid to the Group, against its target of £991,000. Lowther Homes exceeded its target for income in the year at almost £4million with a further £1.7million generated from commercial properties.

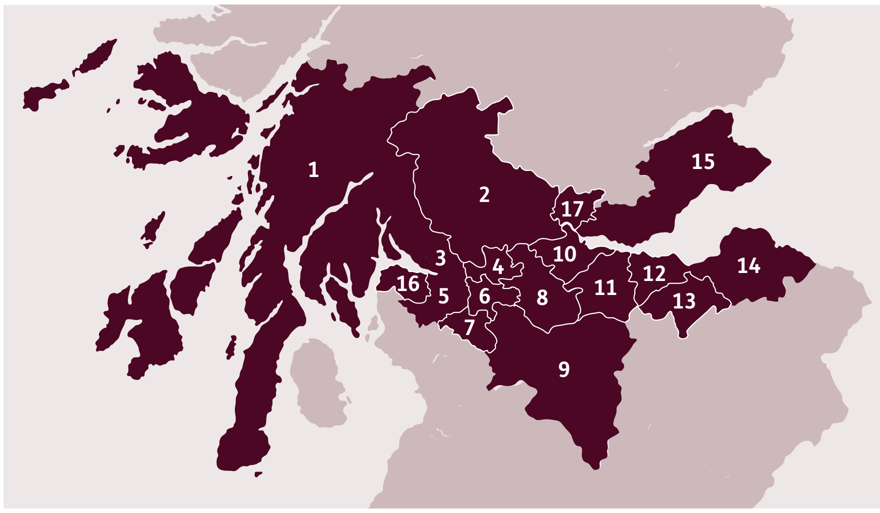
As we look ahead, there is no doubt that major issues such as the recent referendum vote to leave the European Union, ongoing welfare reform, an ageing population and the ever-escalating demand for affordable homes will continue to pose challenges to the social housing sector in Scotland. There is also no doubt that Wheatley, its partner organisations and staff, while remaining rooted in local communities, will continue to play their part in meeting those challenges.

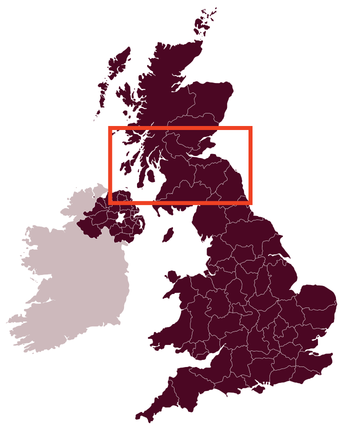
Strategic Report

Who we are and where we operate
At Wheatley our partner organisations, together with our corporate group services, work together to achieve great things. We are Scotland's leading housing, care and property-management group, owning or managing almost 80,000 homes and providing care and support to thousands of vulnerable people every week.

Headquartered in Glasgow, we now serve over 200,000 people in 17 local authority areas across central Scotland through our Registered Social Landlords, care organisations and commercial subsidiaries. Each part of the Wheatley family is focused on delivering excellence no matter what they do and each remains firmly rooted in their communities, providing services tailored to the needs of their individual customers.

But it is by joining forces under the Wheatley banner - sharing experience, expertise and resources - that all our partner organisations are able to do much more than they ever could on their own.





1 Argyll and Bute
2 Stirling
3 West Dunbartonshire
4 East Dunbartonshire
5 Renfrewshire
6 Glasgow City
7 East Renfrewshire
8 North Lanarkshire
9 South Lanarkshire
10 Falkirk
11 West Lothian
12 City of Edinburgh
13 Midlothian
14 East Lothian
15 Fife
16 Inverclyde
17 Clackmannanshire

Wheatley Group footprint
The Group (since Barony Housing Association joined on 1 April 2016) comprises:

- Seven Registered Social Landlords:
  – Wheatley Housing Group Ltd – the Group parent does not own any homes, but is registered with the Scottish Housing Regulator and during the year was responsible for providing strategic direction, oversight and business services (such as finance, legal, HR and ICT) to subsidiaries across the Group

  – The Glasgow Housing Association Ltd ("GHA") – Scotland's largest Registered Social Landlord, with 39,235 homes in Glasgow (excluding properties classified for demolition)

  – Cube Housing Association Ltd ("Cube") – with 3,438 properties across the west of Scotland

  – West Lothian Housing Partnership Ltd ("WLHP") – which owns and manages 381 affordable homes in West Lothian

  – Loretto Housing Association Ltd ("LHA") – a specialist provider of supported accommodation with 1,290 properties in west and central Scotland

  – Dunedin Canmore Housing Ltd ("DCH") – with 5,640 affordable rented properties across Edinburgh, the Lothians and Fife

  – Barony Housing Association Ltd – owning 361 social rented homes and providing care and support services to over 700 people in east and central Scotland

50,968
number of housing properties owned

- Loretto Care, which supports over 2,000 people per week with specialist needs, many of whom live in properties owned by its parent entity, Loretto Housing Association Ltd
- Three commercial entities:
  – YourPlace Property Management Ltd (a subsidiary of Wheatley Enterprises Ltd) – providing factoring (common property management services) to over 27,700 customers

  – Lowther Homes Ltd – with 517 private rented homes; it also provides management services for the Group's mid-market rented homes

  – Dunedin Canmore Enterprise Ltd – with 127 properties, the majority of which are for mid-market rent, as providing property management and repairs and maintenance services to Dunedin Canmore Housing
- Three funding entities:
  – Wheatley Funding No.1 Ltd ("WFL1") – the treasury vehicle which draws funds from bank lenders and our bond issuer vehicle and on-lends these to the Group's Registered Social Landlords ("RSLs")

  – Wheatley Group Capital plc – a subsidiary of Wheatley Funding No.1 Ltd, this is the entity which issued our bonds on the London Stock Exchange

  – Wheatley Funding No.2 Ltd ("WFL2") – the treasury vehicle for our commercial entities

In April 2016, two new entities were established within the Wheatley Group, being:

- Wheatley Foundation Ltd – the new provider for our community and better lives activity
- Wheatley Solutions Ltd – providing a clear focus for our group support services (previously delivered by the Group parent entity)

All of these entities are direct subsidiaries of the Wheatley Housing Group Ltd unless otherwise stated above.

The total number of housing properties owned by the Group at 31 March (excluding Barony which joined the Group on 1 April 2016) was:

	2016	2015
General needs	47,435	42,472
Shared ownership	398	46
Supported housing	1527	1324
Housing approved/planned for demolition	340	1336
Market rent	1268	478
Total Units	**50,968**	**45,656**

The year under review

The year to 31 March 2016 marked the first phase of work on our commitments set out in our five-year group strategy – Investing in Our Futures.

Five key platforms are driving our strategic journey forward between 2015 and 2020. They are

- Customer Service Excellence
- Asset Growth and Partnerships
- Transforming the Care Environment
- Building Shared Capability
- A Strong and Diverse Funding Base

The key achievements during the year, under each area of our strategy, are detailed in the sections which follow.

Customer service excellence

Improving performance
Our work to do more for our customers and communities by working together as Wheatley Group, sharing resource and expertise, continued to bring a range of business and customer benefits.

All our social landlords, our care arm and our commercial subsidiaries made continued and significant improvements in performance. Our social landlords demonstrated steady progress towards the aim of having 80% of key charter measures at top quartile performance, as measured by the Scottish Housing Regulator in the Annual Return on the Charter increasing the number of measures in the top quartile from 53% in 2014-15 to 58% in 2015-16. Our care services have delivered outstanding performance in Care Inspectorate gradings in particular with more than 90% of all services graded very good or better.

The introduction of a Common Repairs Team for our factored homeowners continued to deliver improved performance, with over 95% of repairs completed on time.

Customer satisfaction highlights across the Group included:

- more than 82% of tenants across our social landlords are satisfied with overall service with GHA satisfaction at 90%
- YourPlace owner satisfaction reached its highest ever level
- customer satisfaction with information we provide is close to, or above, 90% across the Group
- satisfaction with repairs and maintenance is 87.4% at Dunedin Canmore, 85.7% at GHA and 85.9% at Cube
- satisfaction with neighbourhoods is over 80% for all social landlords in the Group
- over 80% of customers at GHA, Loretto Housing and Dunedin Canmore are satisfied with the value for money we provide.

New ways to access services
Our aim to move 30% of customer transactions online, by making it easier and more convenient for customers to make payments and request services on the internet, took a significant step forward. Our new online services were rolled out to all subsidiaries by September 2015. By 31 March, almost 4000 customers had signed up for our online services and made a total of £1.2million of payments through the new channel.

We recognise that for some customers, phone or face-to-face will always be their preferred contact option and we continue to provide customers with a range of access channels. We opened a new office in Dumbarton, where Cube has homes, in 2016 and our Customer Service Centre handled 628,170 calls in the year as against 620,000 in the previous year, with 82% resolved at the first point of contact.

Repairs service
An excellent repairs service is a top priority for our customers. This year we unveiled plans to deliver our repairs and maintenance service through a new Joint Venture with Glasgow City Council.

Under Joint Venture plans, Wheatley Group will become a 50:50 joint owner with Glasgow City Council of City Building (Glasgow). As well as delivering a £33 million a year (excluding VAT) repairs service for Wheatley, the joint venture would be responsible for GHA's £27 million annual capital investment programme and the City Council's own repairs, worth £30 million annually.

We already have a strong and productive working relationship with City Building, which holds the current contract to deliver GHA's repairs service. Details of how the Joint Venture will operate are being worked through, including a customer consultation on the new service model, with the aim of having everything in place in 2017.

Awards and accreditations
Our commitment to achieving customer service excellence was rewarded by a number of awards and accreditations over the year. The Group and its subsidiaries have won over 40 individual awards and accreditations since 2014. Our focus on customer service excellence was again recognised this year when Wheatley was awarded Customer Service Excellence (CSE) accreditation – the national standard for excellence in customer service in public sector organisations - with one of the best ratings in the scheme's history.

CSE accreditation is overseen by the UK Government's Cabinet Office and recognises how organisations serve the people they work for.

Wheatley was awarded 16 ratings of Compliance Plus and 34 ratings of Full Compliance. It is understood only one other organisation has achieved a higher number of Compliance Plus ratings in the history of the Standard.

£1.2m
paid through new online channel

Growing our assets to provide more affordable housing

New homes
One of our aims is to increase the supply of affordable housing in our communities by using our size and scale. Accessing £300million on the bond markets in late 2014 has enabled us to push forward with our ambitions to build or acquire over 7000 new homes by 2020. A total of 721 new-build homes were completed in the year up to 31 March 2016 including 12 for mid-market rent.

The quality of our homes and neighbourhoods was recognised with a number of awards. GHA's Sighthill development won Homes for Scotland's Affordable Housing Development of the Year title and Lowther's development at Croftfoot Road in the south of Glasgow gained another trophy at the 2015 Herald Property Awards, winning the Affordable Housing Development of the Year award.

Lowther Homes, our commercial subsidiary managing homes for mid-market and full-market rent increased its portfolio by 233 units. This included acquisitions of full market properties across developments in Glasgow, South Lanarkshire, Inverclyde and West Dunbartonshire.

Tenants of Barony Housing Association, with 361 homes, voted overwhelmingly in favour of joining the Wheatley family in February 2016 with the partnership completed in April 2016. This means that in the past three years, over 7300 units have been added to the Group's portfolio through our partnerships with Loretto Housing, West Lothian Housing Partnership, Dunedin Canmore and Barony.

Investment in existing homes
Over the past year, we invested over £73 million in improving our homes. The work included new roofs, overcladding, new heating and replacement kitchens and bathrooms.

Cube continued its work to make homes warmer and drier while reducing people's fuel bills through £10.6 million of improvements in three Glasgow neighbourhoods.

The projects at Broomhill, Gorget and Maryhill include new district heating schemes and external insulation. At Broomhill, the district heating system, due to complete in summer 2016, will be powered by a central energy centre and will provide heating and hot water to more than 700 homes.

It was part funded by a £5 million loan from the Scottish Partnership for Regeneration in Urban Centres ("SPRUCE") Fund, a joint Scottish Government and European Regional Development Fund initiative. The other £5.6m for the overall project was funded by British Gas.

Jobs and training opportunities
We aim to maximise the opportunities we create for people in our communities through our new-build and home improvement projects as well as investing in employability schemes and Modern Apprenticeships across the business. In total for the year 2015-16, we supported 564 new jobs and training opportunities for people.

This includes opportunities created through our Wheatley Pledge, a scheme which incentivises our contractors and suppliers to do more for our communities. Since the Wheatley Pledge was launched in August 2013, it has helped 237 people secure work, training or an apprenticeship.

564
new jobs and training opportunities

Since the Wheatley Pledge was launched in August 2013, it has helped 237 people secure work, training or an apprenticeship.

Transforming the care environment

1142

people helped through Tenancy Support Service

Innovative care model

We developed, in collaboration with staff and the people we work for, our innovative new approach to care – "W.E. Care" – as part of our five year-strategy Investing in Our Futures. At its core is our focus on enabling people to lead on the design of their care and support, ensuring they have as fulfilling a life as possible.

We are committed to providing flexible, tailored support to more vulnerable people across Wheatley's communities by working with others in the Group. Our new Tenancy Support Service, which sees care and housing staff work closely together, is now fully rolled out and, in a short space of time, provided a new level of support to over 1142 tenants.

Growing the care business

It is important to the Group that our care organisations compete effectively in the external care market as it helps us generate additional income for improvements and further innovation. In 2015-16, one of Loretto Care's existing services was retendered and they successfully retained it. They were also successful in securing places on framework agreements with Glasgow City, North Lanarkshire and Falkirk Councils, which has seen their service provision grow in these authorities.

Loretto Care now provides 17 different services across 38 bases in 10 different local authority areas. Barony Housing Association, which joined us in April 2016, strengthens and widens our care service provision with supported accommodation, a registered care home and care and support services in West Lothian, Edinburgh, Falkirk, Clackmannanshire, Stirling and Fife.

Care Inspector grades

Two of Loretto Care's services which help vulnerable homeless people maintain tenancies and lead independent lives were awarded the highest grades by care inspectors.

The Young Persons Intensive Outreach and the Carlisle Road Outreach Housing Support services in Hamilton, South Lanarkshire, received a six-star excellent rating from the Care Inspectorate in each of the three areas inspected.

The percentage of our services which are graded very good (5) or above by the Care Inspectorate is one of the key ways we measure the quality of our care services. Over the year, a total of 13 inspections were finalised with 92% graded at 5 or better.

Building the capability of our people

We introduced an online learning tool for staff and launched a new innovative leadership programme 'Lead the Way' for managers at all levels.

Developing our people
At Wheatley we trust, empower and inspire our staff to raise the bar continually and do more for their customers. Our Think Yes culture was taken to a new level through our W.E. Excel staff engagement programme which has seen staff from every part of Wheatley rethinking their own services, using their own ideas, to take customer service to a whole new level. W.E. Excel won a Chartered Institute of Public Relations (CIPR) national award for best employee engagement campaign.

We also introduced an online learning tool for staff, the Development Zone, and launched a new innovative leadership programme 'Lead the Way' for managers at all levels. The programme uses a mix of learning tools including face-to-face and online.

Opportunities for young people
One of our priorities is to help young people from our communities into work and training. Our Modern Apprenticeship programme saw 21 young people begin their apprenticeships with us in 2015-16 and we launched a recruitment campaign for 41 more who are due to start in autumn 2016. Since the Modern Apprenticeship programme started in 2009, Wheatley has taken on 196 apprentices.

Awards and accreditations
Awards and accreditations highlighted our progress on becoming an excellent employer with unrivalled opportunities for our staff. Loretto Housing attained Investors in People (IiP) Gold status in 2015 while Wheatley Group gained Investors in Young People and GHA achieved IiP Platinum status in 2016, one of only a few organisations in the UK to do so.

41
new Modern Apprentices recruited to start 2016

Establishing a strong and diverse funding base

Strengthening position
Planned efficiencies exceeded Business Plan projections; we outperformed our revenue budget by over £2million for the year, driven by a cost efficiency programme. The Group delivered a 52% operating margin and a surplus for the year after interest and tax of £111million.

Leading global rating agency Standard & Poor's issued a revised credit rating for Wheatley in June 2015, reflecting our improved financial performance and good operational management. We were assigned a AA (stable) rating, up from our previous rating of AA- (positive outlook). Subsequently, this rating was then dowgraded to A+ (negative outlook), based on the downgrade in the UK sovereign credit rating following the referendum vote to leave the EU on 23 June 2016. This had no impact on loan covenants or the cost of borrowings.

Our commercial services showed a strong performance against their income and growth targets. YourPlace delivered £1.29m in gift aid to Wheatley Group, exceeding its target of £991,000. Lowther Homes exceeded its target for income in the year at almost £4m with a further £1.7m generated from commercial properties.

A new trust and subsidiary
We set up a new charitable trust, Wheatley Foundation, which will fund the Group's 'Better Lives' programme of work. We appointed Sir Harry Burns, former Chief Medical Officer of Scotland, as Chair. The foundation will support community projects that tackle poverty and social isolation, promoting digital inclusion and creating education and employability opportunities in Wheatley communities across Central Scotland. It held its first meeting in May 2016.

We also developed plans for Wheatley Solutions which will bring together all shared services within Wheatley under a new subsidiary of the Group.

Financial performance
The financial statements have been prepared using the Statement of Recommended Practice (SORP) for Social Housing Providers 2014.

Comprehensive Income
The year to 31 March 2016 saw a continued strengthening of financial performance across Wheatley Group, with a turnover of £281.1m (2015: £252.2m). In our key performance measures, the Group achieved an operating surplus of £147.5m (52% margin) including £5.4m generated by Dunedin Canmore since joining the Group, and an overall surplus for the year of £111.2m (2015: £9.7m). Excluding other income and gains, such as gains on business combinations, the Group's margin also strengthened from 14% in 2015 to 16%. Total Comprehensive Income for the year of £130.5m (2015: £71.2m) reflected the operating surplus, combined with the improving position of the Group's pension schemes and a gain following the partnership with Dunedin Canmore of £103.3m. Operating surplus from social lettings excluding housing association grant income grew from 13.3% in 2014-15 to 16.1% in 2015-16 demonstrating our commitment to improve efficiency and value for money.

Income from non-social housing sources continued to represent a relatively small proportion of the Group's activity in financial terms. Loretto Care, the Group's care and support subsidiary, reported turnover of £13.8m (4.9% of Group turnover) and posted a surplus of £0.1m, while income from investment/commercial property was £11.1m (4.0% of Group turnover).

Financial Position
The Group Statement of Financial Position shows an increase in the value of housing properties during the year of £78.4m as a result of the investment in improving our customers' homes and our new build programme. Properties with a value of £285.3m were added with the Dunedin Canmore partnership. Capital and reserves have grown by 24% to £668.0m, giving us a strong platform for investment in growth and new development.

Debt levels remain prudent and sustainable. Long term housing loans in the Statement of Financial Position were £937m (2015: £731m) with gearing, based on the prudent measure of net debt / balance sheet property values (with social housing assets valued at Existing Use Value – Social Housing), of 56%. Gross debt per unit was £16,695, below the majority of large UK housing groups.

Cash flow and liquidity
The Group Cash Flow Statement demonstrates a strengthening operating cash flow. Significantly, net cash inflow from operating activities increased from £45.4m in 2015 to £70.7m.

The Group's strong liquidity position is further supported by its continuing annual access to grant income under long-term agreements with the Scottish Government, of which £20.1m was drawn down during the year (2015: £37.6m). Net cash of £61.7m (2015: £100.8m) was held at 31 March 2016.

Long term debt facilities
As at 31 March 2016, Wheatley Group had £1,178.2m of bond and bank funding facilities in place with total Group drawn debt balances of £956.3m.

The debt facilities of GHA, Cube, West Lothian Housing Partnership and Loretto Housing were provided through intra-Group arrangements with our RSL Group treasury vehicle, Wheatley Funding No.1 Ltd ("WFL1"). The funding facilities of WFL1 consisted of bank facilities from a syndicate of three commercial lenders, as well as a European Investment Bank loan facility and bond funding raised on the debt capital markets. These loans were secured on property assets of these RSLs through a security trust structure. In addition, Cube had a bilateral loan facility with the Scottish Partnership for Regeneration of Urban Centres ("SPRUCE").

Until 31 March 2016, Dunedin Canmore Housing ("DCH") retained its own bank facilities outside of the WFL1 stucture. These were consolidated into WFL1, with the exception of a £16.5m loan from The Housing Finance Corporation ("THFC"), on 1 April 2016.

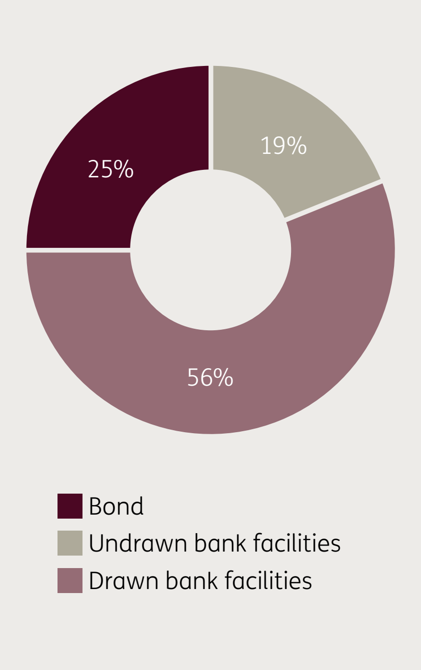
Wheatley Funding No.2 Ltd ("WFL2") is the funding vehicle for the commercial side of Wheatley Group. It provided £50m of facilities to Lowther Homes Limited for acquisition of properties for private market rent and £9.7m to Dunedin Canmore Enterprise for its portfolio of mid-market rent properties.

The funding facilities in place on 31 March 2016 comprised the following:

Group Co	Facility	Principal
WFL1	Public bond issued 2014-15	£300.0m
	Commercial bank syndicated facility	£526.0m
	European Investment Bank facility	£132.5m
DCH	Commercial bank and THFC facilities	£155.0m
WFL2	Private rented sector bank facility	£59.7m
Cube	SPRUCE (Unsecured) loan facility	£5.0m
		£1,178.2m

Group RSLs had drawn £771m from WFL1 at 31 March 2016. DCH's £155m was fully drawn. On the WFL2 side, Lowther Homes had drawn £15.6m of its £50m facility, while Dunedin Canmore Enteprise had fully drawn its facility and repaid £0.1m of loan principal during the year.

As at 31 March 2016, 19% (£221.8m) of borrowing facilities were undrawn (2015: 25%, £257.5m).



The weighted average duration of drawn debt across the Group is 19.8 years. Under the Group Treasury Management Policy, the Group structures its business plan and future fundraising activities such that it will not have to refinance material amounts of debt in any one year. None of the Group's loan facilities need to be refinanced over the next five years. The next point of significant refinancing risk will arise in 2021-22 in relation to £50m of bank loan facilities for the Group's commercial subsidiary, Lowther Homes. The historic weighted average cost of drawn debt, inclusive of margins and hedging activities, was 5.33% at 31 March 2016 on an annual effective rate basis (2015: 4.98%)

Asset value (for debt security purposes) was £1.5bn at 31 March 2016, of which £280m (18%) remained unencumbered.

The principal cash outflows were operating costs and investment in assets, particularly in development of new housing stock of £52.6m (2015: £71.9m) and investment in existing stock of £73.1m (2015: £51.8m).

Counterparty risk
The notional pooling of surplus cash across RSLs is used to enhance the Group's ability to earn interest on cash balances. Cash balances are held in accounts that earn interest and minimise balances held in zero interest accounts.

The Group operates a conservative counterparty risk management strategy that aims to minimise the risk of a financial loss, reputational loss or liquidity exposure as the result of counterparty to any treasury transaction becoming insolvent. As at 31 March 2016, all cash investments are held with counterparties who meet the criteria of the Group Treasury Management Policy.

Interest rate risk
The Group's Treasury Management Policy sets out an on-going objective in relation to the proportion of fixed versus floating rate debt, with the target proportion in the policy specified at 70% across the term of the debt. At 31 March 2016, 97% of Group borrowings were at fixed rates. This was due to the Group completing a funding restructure in November 2014, which included repaying variable rate bank loans and replacing these with capital markets bond funding. Over time, the proportion of variable rate funding is projected to rise again while the Group will benefit from locking in low fixed rates on the bonds over the medium to long term.

In respect of bank loans, the Group hedges against interest rate risk principally through the use of embedded hedges within its bank facilities, the terms of which permit these loans to be classified as "basic" financial instruments under FRS 102.

WFL2, on behalf of Lowther Homes, entered into stand alone interest rate swaps during the year. These provided fixed rates on £11m on drawn facilities from January 2016.

No margin call clauses existed in any loan or derivative contracts entered into by Group entities.

Currency risk
The Group borrows and invests surplus cash only in sterling and does not have any foreign currency risk.

Loan covenant compliance
Loan covenants relate to interest cover, borrowing levels relative to surplus generation and per unit, and asset cover, based on social housing asset values. Covenants are monitored monthly and were comfortably met throughout the year and at the year-end for all loan facilities.

Value for Money – understanding costs versus performance
Detailed cost and performance benchmarking is a key element of our approach to assessing Value for Money and a number of Key Performance Indicators ("KPIs") monitored by the Group link through Value for Money measures. We combine the use of Scottish Social Housing Charter indicators with in-depth analysis of annual accounts information, supported by our partners at Housemark, to understand our costs, how efficient we are, and performance drivers.

Housemark benchmarked our largest subsidiary, Glasgow Housing Association, for 2014-15 against 17 other English peer housing associations. The Housemark VFM scorecard for GHA for 2014-15 shows improving cost efficiency across all key metrics shown right.

In the areas where GHA chose to prioritise investment – such as improving the fabric of customers' homes and the environment around them – it is investing more than many UK peers, as shown in the benchmarking table on p38. This is one element of our approach to targeting strong customer satisfaction levels of over 90%, but it also delivers financial benefits through a strengthening of the value of our asset base.

Similarly, while our overheads continue to reduce as a proportion of both turnover and costs, analysis of these also shows that our costs are higher than peers in areas we choose to invest in – particularly our network of local area offices. These are classified in the analysis as overheads and are higher than most peers, but add real value in providing local presence in our communities. In traditional business support functions our costs are low compared with peers. For example, finance department costs are the lowest in the peer group and IT & Communications costs are the second lowest as a percentage of direct costs.

Housemark VFM scorecard: business and financial measures

Business & Financial	Value	Previous	Trend	Median
Total CPP of Housing Management	£426.47	£427.30	↓	£509.67
Total CPP of Responsive Repairs & Void Works	£633.58	£736.70	↓	£856.09
Total CPP of Major Works & Cyclical Maintenance	£1,596.26	£2,297.06	↓	£1,449.65
Total overhead costs as % adjusted turnover	11.4%	14.1%	↓	12.0%
Current tenant arrears as % rent due (excluding voids)	2.38%	2.59%	★	3.68%
Rent loss due to voids as % rent due	0.33%	0.52%	★	0.88%

Notes: Green Star represents top-quartile performance in GHA's peer group, independently selected by Housemark

Benchmarking of GHA operating and financial performance

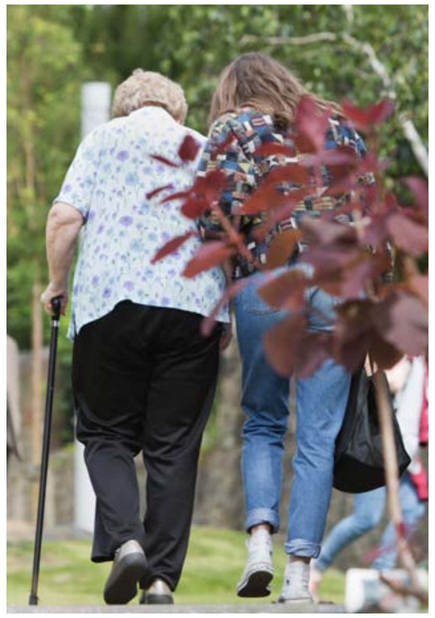
GHA Efficiency Summary:
Based on peer group of 18 UK organisations selected by Housemark

Business activity	Cost KPI	Cost KPI 2014–15	Quality KPI	Quality KPI 2015–16	Quality KPI 2014–15
Overheads	Overhead costs as % direct revenue costs	7th lowest of 18 in peer group	Percentage change in satisfaction with VFM of rent	+6%	0%
Major works & cyclical maintenance	Cost per property of major works & cyclical maintenance	12th highest investment level of 18 in peer group	Percentage of tenants satisfied with the overall quality of their home (GN & HfOP*)	92%	92%
			Percentage of stock meeting Energy Efficiency Standard for Social Housing	93%	N/A
Responsive repairs & void works	Cost per property of responsive repairs & void works	2nd lowest of 18 in peer group	Percentage of tenants satisfied with repairs and maintenance (GN & HfOP*)	86%	88%
			Void loss percentage	0.35%	0.33%
			Average number of calendar days taken to complete (non-emergency) repairs	5.9	6.5
			Average re-let time in days (standard re-lets)	14.7	14.4
Housing management	Cost per property of housing management	2nd lowest of 18 in peer group	Percentage of tenants satisfied with the service provided (GN & HfOP*)	90%	91%
			No. of successfully resolved anti-social behaviour cases within target timescales	93%	87%
			Current tenant rent arrears as % of rent due	2.3%	2.4%
Estate services	Cost per property of estate/ environmental services	Highest investment level of 18 in peer group	Percentage of tenants satisfied with their neighbourhood as a place to live (GN &HfOP*)	88%	90%

Notes:
- cost and quality quartile comparators are based on 2014/15 benchmarking result (most recent available) wherever a consistent comparison is possible with the measurement basis used by English Registered Providers
- performance measures are derived from Scottish Social Housing Charter annual return for 2014-15 unless stated (void and arrears adjusted from annual accounts figures to underlying basis per Scottish Housing Regulator guidance)

*General Needs & Housing for Older People

Directors' Report



The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2016.

Result for the year
The result for the year and an analysis of the performance of the Group has been included within the Strategic Report.

Wheatley Board, Committee structure and related matters
Wheatley Housing Group ("the company") is the parent company of the Group which comprises a range of subsidiaries, referred hereafter as 'partners'. Our partners, since Barony Housing Association joined the Group after the year-end, include six Registered Social Landlords and four commercial subsidiaries. All members of the Group work collaboratively to ensure that each member can achieve more for their customers and communities through being part of the Group than they could on their own.

The Group is regulated by the Scottish Housing Regulator ("SHR") and complies with the SHR's Regulatory Framework and Regulatory Standards of Governance. The Group undertook an independent review of its governance during the year, facilitated by independent expert advisors. As part of the review the independent expert advisors made minor recommendations as to how we could further strengthen our governance, which we are in the process of implementing. As part of the review, it was independently verified that the Group complies with the SHR's Regulatory Framework and Standards of Governance.

As at 31 March 2016, the company's Articles of Association allowed for the appointment of up to fourteen directors as follows:

- Up to seven Independent Non-Executive Directors
- Up to two GHA Nominated Directors
- Up to four Co-opted Directors
- Up to one 'Other' Director

The Directors of the Group Board from 1 April 2015 to the date of signing the financial statements are listed below, together with any Group Committees served on at any point over the same period:

Group board membership details, remuneration during the year and meeting attendance

Name		Group Board	Group Audit Committee	Group Remuneration, Appointments, Appraisal and Governance Committee	Group Strategic Development Committee	Attendance at Group Board meetings
Alastair MacNish £27,000	Independent non-executive	Chair		Chair	Chair	7/7
Martin Armstrong*	Executive director	●				7/7
Mike Blyth £13,000	Independent non-executive	●	Chair	●	●	6/7
Ronnie Jacobs £13,000	Independent non-executive	●			●	5/7
Gordon Sloan £17,000	GHA Nominated	●	●	●	●	7/7
Elizabeth Walford £13,000	Independent non-executive	●	●		●	5/7
Sheila Gunn £13,000	Independent non-executive	Vice-Chair	●	●	●	6/7
Margaret Dunlop £5,833	Co-opted	●				4/4
Kate Willis £10,000	GHA Nominated	●				6/7
Jo Armstrong £7,692	Independent non-executive	●	●		●	6/6
Peter Kelly £9,167	Independent non-executive	●	●			7/7
John Fletcher £5,027	Co-opted	●				3/3
John Hill £2,938	Co-opted	●				1/2
James Muir £2,938	Co-opted	●				1/1
Dr Thomas Mitchell £6,166	Co-opted	●				1/1
Martin Kelso —	Co-opted	●				N/A

Notes
* No additional remuneration to that disclosed in note 7 to the financial statements

In relation to the Group Board:
Peter Kelly joined on 1 May 2015
Jo Armstrong joined on 24 June 2015
John Fletcher joined on 30 June 2015
Margaret Dunlop retired on 31 October 2015
John Hill joined on 16 December 2015
James Muir joined on 16 December 2015
John Fletcher resigned on 31 December 2015
Dr Thomas Mitchell joined on 24 February 2016
Martin Kelso joined on 1 June 2016

The Group Board is responsible for the strategic direction of the Group and financial planning.

Key responsibilities are:

- approval of the Group strategy
- approval of the Group Business Plan, budget and any variations and amendments to them, together with other matters which fall within the role of the Group Board
- approval of the creation of new subsidiaries and partnerships
- approval of the Group governance arrangements, systems of internal control and delegations
- defining and ensuring compliance with our values and objectives as a registered social landlord, and
- approving each year's Group financial statements.

The main activities of the Group Board during the year were:

- agreement of a five-year Group strategic plan: Investing in Our Futures
- oversight of the integration of Dunedin Canmore
- approval of a strategic agreement with Glasgow City Council
- agreeing a partnership with Barony Housing Association

- agreement of outline terms for a repairs service Joint Venture with City Building
- oversight of partner financial and operational performance

The Board has Appraisal and Succession Planning policies in place to monitor the effectiveness of Directors and ensure that we have the appropriate level of renewal on the Group Board. The Board is due to initiate its next appraisal during the 2016 calendar year.

The Board is supported in discharging its duties by three sub-Committees: Remuneration, Appointments, Appraisal & Governance; Group Audit; and Group Strategic Development.

The role and remit of the Committees are set out below.

Group Audit Committee
The Committee is made up of up to five members from the Group Board and co-opted members. The Committee is responsible for:

- reviewing the Group's system of internal control, compliance assurance and risk management system
- providing an overview of the internal and external audit functions
- scrutinising the financial statements
- appointing and agreeing the remuneration of external auditors
- monitoring the implementation of internal audit recommendations and external audit reports and management letters
- reviewing the internal audit plan and scope of work, and
- reviewing the effectiveness of the overall risk strategy.

The main activities of the Group Audit Committee during the year were:

- oversight of the 2015-16 financial statements
- approving the Group's strategic assurance plan
- approving the Group's approach to internal inspection
- oversight of a quality assessment of the Group's Internal Audit function
- initiating a review of the Group's approach to risk management
- oversight of the external audit tender process

The Committee reports to the Group Board via its Chair.

Group Remuneration, Appointments, Appraisals and Governance Committee
The Committee is made up of up to five members inclusive of the Group Chair, Vice-Chair, and the Chairs of GHA and the Group Audit Committee.

It is responsible for:

- approving the process for recruitment, selection, succession planning and appraisal of Board members
- ensuring Board members within the Group have the necessary balance of skills and experience to fulfil their roles
- evaluation and review of Group's governance framework
- making recommendations to the Group Board regarding the appointment and remuneration of the Group Chief Executive and Group Board Directors, and
- based on reports and advice from the Group Chief Executive determining the remuneration and conditions of the Executive Team.

The main activities of the Remuneration, Appointments, Appraisals and Governance Committee during the year were:

- oversight of the governance refresh on behalf of the Board
- development of recommendations to the Board in respect of the Group's governance framework
- approval of subsidiary Board 3 year succession plans
- oversight of the Group's Board member recruitment, including the appointment of the Vice-Chair

The Committee reports to the main Board via its Chair.

Group Strategic Development Committee
The Committee is made up of up to seven members of the Group Board.

It is responsible for reviewing any new major strategic projects and initiatives on behalf of the Group Board.

The main activities of the Strategic Development Committee during the year were:

- reviewing the independent options appraisal for the Group's repairs service and agreeing a preferred option
- reviewing the outline business case for the preferred option for the repairs service and recommending to the Group Board the development of a Joint Venture
- overseeing the development of the strategic agreement with Glasgow City Council.

The Committee reports to the Group Board via its Chair.

Statement of Internal Controls

1. Corporate Governance Statement
The Group complies with the Regulatory Standards of Governance and Financial Management issued by the Scottish Housing Regulator. In accordance with the UK Listing Authority's Listing Rule 17, details of the administrative, management and supervisory bodies which govern the Group, including Wheatley Group Capital plc, are set out on pages 41 to 44.

The internal control and risk management systems which cover the Group's consolidated annual financial statements are set out below.

2. Background and responsibility
The system of internal controls is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised
- manage them efficiently, effectively and economically
- safeguard assets against unauthorised use or disposition, and
- manage the maintenance of proper accounting records.

3. Overview of main features of the system of Internal Control
The Board of Wheatley Housing Group is responsible for ensuring that an effective system of internal control is maintained within all members of the Group. This system of internal control can provide reasonable but not absolute assurance against material misstatement or loss.

The key methods by which the Board establishes the framework for providing effective internal control are as follows:

- Corporate Governance arrangements as outlined in the Corporate Governance Statement
- regular meetings of the Board, and Subsidiary Boards, which have a schedule of matters which are specifically reserved for approval and which are the subject of regular standard reports as required
- arrangements under terms of reference for the Group Audit Committee to meet regularly and receive reports from management and internal and external auditors on the system of internal control in operation across the Group, and to provide reasonable assurance that control procedures are in place and are being followed
- written policies and procedures including Standing Orders setting out delegated authorities across Group subsidiaries
- an organisational structure to support business processes and with clear lines of responsibility
- the employment of suitably qualified and experienced staff to take responsibility for key areas of the business. This is supported by a formal personal development programme
- an Internal Audit function with an annual Internal Audit plan and producing an annual Internal Audit Report
- adoption of a risk-based approach to internal control through evaluating the likelihood and significance of identified corporate risks, vesting responsibility for risk management and internal control with designated owners and with an ongoing process of monitoring and reporting progress against the company's key risks established through the corporate risk management function
- a Business Plan and Budget supporting strategic and operational plans, financial targets, regularly revised forecasts, a comparison of actual with budget and with forecast on a quarterly basis, operating cash flow and variance statements, and key performance indicators, all of which are reviewed by the Board, and
- measurement of financial and other performance against the Delivery Plan objectives and key performance indicators and targets.

4. Role of Internal Audit
The Internal Audit function has a central role in the process of developing this Statement of Internal Controls. As part of Internal Audit work, reviews are directed using a risk-based approach to assess the robustness of the implementation of the Group's key system of internal control.

Internal Audit provides information on the various strengths and weaknesses on the approach we have adopted, and advises where improvements are necessary and desirable for good governance. Management across the Group are responsible for the implementation of improvements identified through the audit process.

In line with good practice, Internal Audit provides the Audit Committee with an Annual Internal Audit Report and Statement, which summarises all the work completed during 2015-16. The overall Internal Audit opinion provided in this statement is detailed below:

"Based on our Group wide work undertaken in 2015-16 a substantial level of assurance can be given that there is a sound system of internal control, designed to support achievement of relevant organisational objectives. However, some weaknesses in the design and or consistent application of controls exist. Management have agreed to the improvements to the control environment and the progress of implementing these additional controls will be reported to the Group Audit Committee."

5. Risk and Control Framework
Wheatley Housing Group recognises the importance of effective identification, evaluation and management of all key strategic and operational risks, and this is a requirement set out by the Scottish Housing Regulator's Regulatory Standards.

"The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose."

Risk management is a key element of the Group's overarching governance arrangements as it demonstrates that we have considered what might go wrong with our plans, that we have analysed the consequences of things going wrong and that we have thought through the actions and controls we need to prevent or limit these consequences.

As the parent company, Wheatley Housing Group oversees the governance arrangements to address the risks associated with control of activities, and managing the risks, of all subsidiaries; to ensure that there is an appropriate use of funds across the Group; to ensure that risks to the core business of the Group are managed and mitigated and that strong governance arrangements are upheld by all subsidiaries to protect the reputation of the Group.

Risk Management covers the whole spectrum of risks and not just those associated with finance, health and safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, public image (reputation), compliance with legislation and regulation and environment.

Roles and Responsibilities
Risk Management is the responsibility of everyone in the organisation, whether or not they have a formally defined role in the process.

To ensure the successful implementation of the Risk Management Policy and Strategy, clear roles and responsibilities for the Risk Management process have been established. The Board has overall responsibility for ensuring the effectiveness of this framework.

The Executive Team is the facilitator of the Risk Management Framework and processes. Their role is to ensure that Departmental Managers comply with the Risk Management Framework including monitoring of the risk registers on Covalent, which is the Group's performance management system. This ensures that Departmental Managers keep their risk registers up to date, new and emerging risks are identified and risk scores are challenged.

Risk Management is an integral part of the culture and way we are run. Risk Management plans are incorporated and embedded into business plans of all applicable sections of the organisation (e.g. service improvement plans, project plans, team plans, individual plans). In this way, Risk Management is not the responsibility of senior management alone, but more appropriately the responsibility of all colleagues.

Principal risks facing the Group
The most significant risks facing the Group are as follows:

Government policy
Risk: potential for changes in government policy in respect of rents may reduce income

Comments and mitigation: The measures in England with respect to 1% rent reductions for social housing for four years do not apply to Scotland. There are no centrally-imposed rent formulae or caps in Scotland for affordable housing providers. Further, the Right to Buy has been removed under the Housing (Scotland) Act 2014, and the "pay to stay" provisions of the UK Government budget do not apply in Scotland, where housing is a devolved policy matter.

Welfare reform
Risk: Impact of welfare reform, including Universal Credit and the Local Housing Allowance cap, on income collection

Comments and risk mitigation: Devolution of new powers to the Scottish Parliament has given Scottish Ministers the power to continue payment of housing benefit directly to social landlords as well as to create new benefits. This will help mitigate a significant business risk associated with Universal Credit.

Nevertheless, the Group has worked closely with local authorities and the Scottish Government to understand the impact of welfare reform and identify our customers who are most likely to be affected in the interim period. We have dedicated staff resources to make sure our customers are aware and prepared for any impact they may face, and our gross rent arrears have reduced again during the 2015-16 financial year.

New staff procedures to promote effective rent collection across the Group take into consideration the impact of welfare reform and Universal Credit for our customers and facilitate early arrears management. The reduction in the benefit cap to £20,000 will have an impact on approximately 2% of our customers, and we continue to work closely with partner agencies to support our customers in sustaining their tenancies.

In respect of housing benefit for social tenants being capped at the local housing allowance (LHA) level, we have carried out detailed analysis on the impact on our tenancies. Rents across Wheatley Group are significantly lower in most cases than the LHA, with the exception of some supported accommodation. As at 31 March 2016, GHA has fewer than 20 tenancies above the LHA rate, all of which were supported in nature. UK Government is currently considering its response in relation to the arrangements for housing benefit in supported accommodation and we expect further detail later in 2016.

We are reviewing our current allocation policies across the Group in light of current UK Government policy, in particular the restrictions due to come into force for single people under 35 years old.

Brexit vote
Risk: Potential for adverse impact following the UK referendum vote to leave the European Union

Comments and mitigation: Wheatley Group is a traditional housing and care group, with no current programme of build for sale housing and no reliance in our business plan placed on sales receipts (nor shared ownership receipts). The Group is therefore not directly exposed to the risk of any potential future downturn in the housing market following the leave vote. In respect of any potential future borrowing, UK gilt rates have fallen following the referendum and although there is some uncertainty in the markets, the fundamental strength of Wheatley Group, our low-risk business model and the strong and supportive policy framework in Scotland mean we are well placed to continue to secure private finance as and when required in support of our future development programme. The risk of the UK ceasing to be a shareholder in the European Investment Bank would mean the loss of an important potential lender to the Group, although a number of alternatives are expected to remain available, including the debt capital markets. The Group's credit rating was revised to A+ following the Leave vote, which still provides a strong investment grade rating as a platform for raising future funding from the markets.

At this stage, it is too early to assess the wider impact of potential future changes in legislation in areas such as procurement and environmental standards from the UK no longer being part of the European Union. However, any such future changes are unlikely to have a significant business impact in the short to medium term.

Care and Support Services
Risk: Impact of the political environment on care and support service standards

Comments and mitigation: the implementation of new legislation and budget cuts, in particular the introduction of self-directed support, can have a significant financial and service impact on the standard of care. Self-Directed Support legislation, together with the policy direction of supporting people in their own home, offers increased choice and control to people in how they receive their services, as individuals manage their own budgets. This impact has been managed through robust risk assessment, review and improvement of existing care services and working with people to produce a range of innovative support solutions, for example the introduction of telecare for our overnight support services. While there are challenges around our existing customer base of people at risk of mental health issues and homelessness, we have identified opportunities around the growth in the number of older people requiring support. Our aim is to ensure that Wheatley Group drives the provision of care services across Scotland to raise the standards in care. As a result of our approach, Loretto Care, for example, was successfully appointed during the year to care and support frameworks with major local authorities such as Glasgow City Council and North Lanarkshire Council.

Business Continuity and Disaster Recovery
Risk: Impact on service delivery due to serious loss of IT services

Comments and risk mitigation: Wheatley Group has invested in IT and is driven towards transforming services through the use of IT and communications technology. We therefore recognise the significant impact downtime could have on our Group. We have Group back-up arrangements in place and IT disaster recovery arrangements. We are always reviewing our business continuity arrangement and we have a business continuity group which is our mechanism to identify and drive improvements through scrutinising and testing existing business continuity plans.

Development and Growth
Risk: Growth and maximisation of development opportunities is unmanageable by the Group

Comments and risk mitigation: Our growth model is centred round the Group's risk appetite. Strategic growth decisions are taken based on review against an established risk assessment, which includes cash flow, and a due diligence model. All growth opportunities are approved by the Board and Scottish Housing Regulator, as necessary. Risks related to growth are considered as they arise and we take necessary action, to mitigate specific risks on an individual basis.

There continues to be strong Scottish Government support for the Group's development programme, with a seven year commitment of funding to support our bond issue in delivering 2,800 new homes. Across the Scottish sector, benchmark levels of grant for social housing in Scotland continue to support the provision of new build housing, and these have recently increased further to over £70,000 for social housing.

Financial Risk Management
Risk: Ongoing compliance with loan covenant and liquidity requirements

Comment and risk mitigation: The Group uses a series of Golden Rules relating to key financial metrics such as liquidity and interest cover. These are embedded within our financial management framework, being updated annually in our business planning process and reported in management accounts throughout the year. Our funding arrangements and business plans are approved and monitored throughout the year by our Group and Subsidiary Boards.

Other matters:

Employees
During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by disabled persons. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Going concern
After making enquiries, the Group Board has a reasonable expectation that Wheatley Housing Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis continues to be adopted in the preparation of the Group's financial statements.

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors
Following a recent re-tender process, a resolution to reappoint KPMG LLP as auditors will be proposed at the forthcoming annual general meeting.

Post balance sheet events
Partnership discussions with Barony Housing Association Limited were formally concluded on 1 April 2016 and Barony Housing Assocaition Limited joined Wheatley Housing Group Limited on that date.

Discussions are on-going with Glasgow City Council regarding a proposed Joint Venture which would provide repairs and investment works and services to both Wheatley Group and Glasgow City Council.

Future developments
The Strategic Report sets out future strategic objectives and the process by which a revised Group strategy will be developed during 2016.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Directors' Report, Strategic Report and the Group and parent company financial statements (the "financial statements") in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 the company and of the profit or loss of the Group and the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

Alastair MacNish OBE, Chair
31st August 2016

Report by the Independent Auditors to the members of Wheatley Housing Group Limited on the Statement of Internal Financial Control

In addition to our audit of the Financial Statements, we have examined the company's Statement on Internal Financial Control on pages 46–49 concerning the company's compliance with the information required by the Regulatory Standards for systemically important Registered Social Landlords in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of opinion
We carried out our examination having regard to the guidance on corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council, through enquiry of certain members of the Board and officers of the company and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the company's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion
In our opinion the Statement on Internal Financial Control on pages 46–48 has provided the disclosures required by the relevant Regulatory Standards for systemically important Registered Social Landlords within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Glasgow

31 August 2016

Independent Auditors' Report to the members of Wheatley Housing Group Limited

Report on the financial statements

Our opinion

In our opinion, Wheatley Housing Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the registered social landlord's affairs as at 31 March 2016 and of the Group's and the registered provider's surplus and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended); and
- have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014.

What we have audited

The financial statements comprise:

- the Group and company statements of financial position as at 31 March 2016;
- the Group and company statements of comprehensive income and the Group cash flow statement for the year then ended;
- the Group and company statements of changes in reserves; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the registered social landlord's financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 53, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) (" ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the registered social landlord's members as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, Chapter 3 of Part 16 of the Companies Act 2006 and section 69 of the Housing (Scotland) Act 2010 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended)) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the registered provider's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mark Hoskyns–Abrahall
(Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow, 31 August 2016

(a) The maintenance and integrity of the Group's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group statement of comprehensive income

For the year ended 31 March 2016

	Notes	2016	2015
		£ '000	£ '000
Turnover	3	281,157	252,183
Operating expenditure	3	(235,646)	(217,553)
Other income and gains	9	101,981	8,237
Operating surplus		147,492	42,867
Gain on disposal of fixed assets	10	2,817	2,183
Finance income	11	438	269
Finance charges	12	(48,220)	(35,539)
Movement in fair value of financial instruments		9,265	2
Surplus on ordinary activities before taxation		111,792	9,782
Taxation	13	(642)	(34)
Surplus for the year		**111,150**	**9,748**
Unrealised deficit on the valuation of housing properties	16	(7,039)	(2,952)
Actuarial gain in respect of pension schemes		26,428	64,385
Total comprehensive income for the year		**130,539**	**71,181**

All amounts relate to continuing operations.
The notes on pages 65 to 94 form part of these financial statements.

Company statement of comprehensive income

For the year ended 31 March 2016

	Notes	2016	2015
		£ '000	£ '000
Turnover	3	27,718	26,320
Operating expenditure	3	(27,718)	(26,297)
Operating surplus		-	23
Finance income		-	-
Finance charges		-	-
Surplus on ordinary activities before taxation		-	23
Taxation on surplus for the year	13	-	(23)
Surplus for the year		**-**	**-**
Total comprehensive income for the year		**-**	**-**

All amounts relate to continuing operations.
The notes on pages 65 to 94 form part of these financial statements.

Group statement of changes in reserves

For the year ended 31 March 2016

	Revenue Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2014	392,189	74,135	466,324
Surplus for the year	9,748	-	9,748
Unrealised deficit on the revaluation of housing properties	-	(2,952)	(2,952)
Actuarial gain in respect of pension schemes	64,385	-	64,385
Balance at 31 March 2015	466,322	71,183	537,505
Surplus for the year	111,150	-	111,150
Unrealised deficit on the revaluation of housing properties	-	(7,039)	(7,039)
Actuarial gain in respect of pension schemes	26,428	-	26,428
Balance at 31 March 2016	**603,900**	**64,144**	**668,044**

Company statement of changes in reserves

For the year ended 31 March 2016

	Total Reserves £'000
Balance at 1 April 2014	-
Result for the year	-
Unrealised deficit on the revaluation of housing properties	-
Actuarial gain in respect of pension schemes	-
Balance at 31 March 2015	-
Result for the year	-
Unrealised deficit on the revaluation of housing properties	-
Actuarial gain in respect of pension schemes	-
Balance at 31 March 2016	**-**

The notes on pages 65 to 94 form part of these financial statements.

Group statement of financial position

At 31 March 2016

	Notes	2016 £ '000	2015 £ '000
Fixed assets			
Social housing properties	16	1,461,569	1,176,864
Other tangible fixed assets	17	30,488	22,644
Investment property	18	143,381	64,456
		1,635,438	1,263,964
Pension asset	24	31,432	10,684
Current assets			
Stock		263	-
Trade and other debtors	19	132,714	146,144
Cash and cash equivalents		61,691	101,996
		194,668	248,140
Creditors: amounts falling due within one year	20	(86,115)	(97,312)
Net current assets		108,553	150,828
Total assets less current liabilities		1,775,423	1,425,476
Creditors: amounts falling due after more than one year	21	(997,147)	(762,878)
		778,276	662,598
Provisions for liabilities			
Pension liability	24	(7,428)	(7,831)
Provision for other liabilities	22	(102,804)	(117,262)
Total net assets		668,044	537,505
Reserves			
Share capital	23	-	-
Revenue reserve excluding pension reserve		579,896	463,469
Pension reserve	24	24,004	2,853
Revenue reserve including pension reserve		603,900	466,322
Revaluation reserve		64,144	71,183
Total reserves		668,044	537,505

These financial statements on pages 58 to 94 were approved by the Board on 31st August 2016 and were signed on its behalf by:

Alastair MacNish
Chair

The notes on pages 65 to 94 form part of these financial statements.

Company registration number SC426094

Company statement of financial position

At 31 March 2016

	Notes	2016 £ '000	2015 £ '000
Fixed assets			
Tangible fixed assets	17	4,917	9,074
Trade and other debtors	19	7,598	3,374
Cash and cash equivalents		1,717	-
		9,315	3,374
Creditors: amounts falling due within one year	20	(11,097)	(6,465)
Net current liabilities		(1,782)	(3,091)
Total assets less current liabilities		3,135	5,983
Creditors: amounts falling due after more than one year	21	(3,135)	(5,983)
Total net assets		-	-
Reserves			
Share capital	23	-	-
Total reserves		-	-

These financial statements were approved by the Board on 31st August 2016 and were signed on its behalf by:

Alastair MacNish
Chair

The notes on pages 65 to 94 form part of these financial statements.

Company registration number SC426094

Group statement of cash flows

For the year ended 31 March 2016

	Notes	2016 £ '000	2015 £ '000
Net cash generated from operating activities	**26**	**70,707**	**45,365**
Cash flow from investing activities			
Improvement of properties	16	(73,085)	(51,836)
Construction of new properties		(52,581)	(71,863)
Purchase of other fixed assets	17	(5,152)	(6,468)
Purchase of investment properties	18	(15,910)	(2,347)
Right-to-Buy proceeds	10	8,385	6,317
Grants received		24,809	37,619
Finance income		108	269
		(113,426)	**(88,309)**
Cash flow from financing activities			
Finance charges		(45,749)	(30,880)
Cash obtained through acquisition		9,966	-
Proceeds from issue of bonds		-	305,690
Bank loan drawn down		50,400	62,000
Repayments of bank loans		(10,893)	(218,116)
Taxation		(78)	(25)
		3,646	**118,669**
Net change in cash and cash equivalents		(39,073)	75,725
Cash and cash equivalents at 1 April 2015		100,764	25,039
Cash and cash equivalents at 31 March 2016		**61,691**	**100,764**
Cash and cash equivalents at 31 March 2016			
Cash		61,691	101,996
Bank overdraft		-	(1,232)
		61,691	**100,764**

The notes on pages 65 to 94 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2016

1. Legal status

Wheatley Housing Group Limited ("Wheatley", "Wheatley Group" or "the Company") is a limited company incorporated in Scotland under the Companies Act 2006. It is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The Company and its subsidiaries are referred to as "the Group". The Group's subsidiaries include housing associations, incorporated entities and charities. The Company was incorporated on 13 June 2012. The principal activity of the Group is the provision of social housing and associated housing management services.

The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

2. Accounting policies

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

Basis of accounting

The financial statements of the Group and the Company are prepared in accordance with the Companies Act 2006, applicable accounting standards, the accounting requirements included within the Determination of Accounting Requirements 2012, and under the historical cost accounting basis, modified to include the revaluation of derivative financial investments, properties held for letting investment properties and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2014 ("SORP 2014"), issued by the National Housing Federation and under FRS 102.

The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Group and the preparation of long term financial forecasts and plans which include an assessment of the availability of funding and the certainty of cash flow from the rental of social housing stock.

Wheatley Housing Group Limited is a public benefit entity.

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 Group's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds
- 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 advisors.

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 March 2016. Profits or losses on intra-Group transactions are eliminated in full in accordance with FRS 102.

New subsidiaries joining the Group are accounted for under section 19.6 of FRS 102, as combinations that are in substance a gift. Any gain on acquisition is recognised through the Statement of Comprehensive Income as a gain on business combination. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. On joining the Group, an exercise is undertaken to align subsidiary accounting policies to the Group policies which may result in a restatement of comparative figures in the subsidiary results prior to consolidation.

Related party disclosures

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

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

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

Grant income
Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the SORP 2014. Prior to satisfying the performance conditions (e.g. on completion of new build properties), such grants are held as deferred income on the Statement of Financial Position.

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

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

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

Such assets are subsequently carried at amortised cost using the effective interest method.

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

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

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

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

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

Housing loans are classed as either basic or complex financial instruments under FRS 102.

Loans provided to some subsidiary members of the Group by its lenders through the subsidiary, Wheatley Funding No. 1 Limited ("WFL1"), are classed as basic under the requirements of FRS 102, and are measured at amortised cost, using the effective interest rate method.

The fair value of complex financial instruments are provided by an independent professional advisor and are determined using valuation techniques that use primarily observable inputs such as short term rates, futures, swap rates, implied volatilities and market credit spreads for similar credit worthiness instruments.

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

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

Pensions
Glasgow Housing Association participates in a defined benefit pension scheme arrangement with the Strathclyde Pension Fund ("the Fund"). The Fund is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. The Fund provides benefits based on final pensionable pay, which is contracted out of the State Second Pension. Assets and liabilities of the Fund are held separately from those of the Association.

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

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

Cube Housing Association, West Lothian Housing Partnership, Loretto Housing Association, Loretto Care and Dunedin Canmore Enterprise Ltd previously participated in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") Defined Benefit Pension Scheme. Loretto members transferred to the SHAPS Defined Contribution Scheme on 1 July 2013 with Dunedin Canmore members transferring on 1 April 2014 and Cube and West Lothian members transferring on 1 September 2014. Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme. In respect of the defined benefit element of the scheme, payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole. In accordance with FRS 102, the Group's share of the scheme assets and liabilities has been separately identified and included in the Group's Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Group's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension schemes.

During the year, a new Group defined contribution scheme arrangement was made available to employees in certain subsidiaries of the Group.

Fixed assets – social housing properties
In accordance with SORP 2014, the Group operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

- **Valuation of social housing stock**
  All social housing properties owned by the Group's subsidiaries are valued annually on an Existing Use Value for Social Housing (EUV-SH) basis by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Housing stock has been split into two streams of property for valuation purposes, namely housing retained for letting and demolition programme properties. This separation into categories is on the basis of the Group's 30-year Business Plan which identifies the core stock which will be the subject of the Group's investment expenditure going forward and the stock which forms part of the demolition programme until 2017, and consequently has limited investment expenditure attached to it.

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

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

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

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

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

	Economic Life
Land	not depreciated
Bathrooms	24-25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12-15 yrs
Internal works and common areas	20 yrs
Kitchens	15-20 yrs
Mechanical, Electrical and Plumbing	25-30 yrs
Structure and roofs	50 -75 yrs
Windows and doors	30 yrs

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

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

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

The Group's policy is to capitalise the following:
- Cost of acquiring land and buildings
- Interest costs directly attributable
- Development expenditure including direct development staff costs, and
- Other directly attributable internal and external costs.

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

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

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

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

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

Housing Association Grant and other capital grants
Housing Association Grant ("HAG") is received from central government and local authorities and is utilised to subsidise the costs of housing properties.

HAG is recognised as income in the Statement of Comprehensive Income under the performance model. In the case of new build this will be when the properties are completed. HAG due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the same period to which it relates.

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

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

	Economic Life
Office premises	40 yrs
Combined Heat and Power plant	30 yrs
Furniture, fittings and office equipment	5 to 7 yrs
Computer equipment	3 to 7 yrs

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

Taxation
As charities, Glasgow Housing Association, Cube Housing Association, West Lothian Housing Partnership, Loretto Housing Association, Loretto Care and Dunedin Canmore Housing Association are exempt from corporation tax on their charitable activities by virtue of Section 505(1) Income & Corporation Taxes Act 1988 and from capital gains tax by virtue of Section 145 Capital Gains Tax Act 1979. A charge for taxation is made in the Group's non-charitable subsidiary companies, based on their taxable profit for the year. In accordance with FRS 102, full provision is made for all material timing differences.

Value Added Tax
The Group is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on Glasgow Housing Association refurbishment works expenditure included in the development works agreement with Glasgow City Council is substantially recoverable. Expenditure on these works is shown net of VAT.

Development Agreement
Glasgow Housing Association has entered into agreements with Glasgow City Council whereby the undertaking of catch-up repairs and improvement works remained with the City Council, with that obligation sub-contracted to Glasgow Housing Association. This has been shown on the Group's Statement of Financial Position as a debtor offset by a provision of an equal amount. As work progresses, both amounts will be reduced by the appropriate amount.

3. Particulars of turnover, operating costs and operating surplus

	Turnover	Operating Costs	Other income and gains	2016 Operating surplus/ (deficit)	2015 Operating surplus/ (deficit)
GROUP	£'000	£ '000	£ '000	£ '000	£ '000
Social lettings (note 4)	230,551	(165,640)	-	64,911	63,536
Other activities (note 5)	50,606	(70,006)	-	(19,400)	(28,906)
Other income and gains (note 9)	-	-	101,981	101,981	8,237
Total	281,157	(235,646)	101,981	147,492	42,867
Total for previous reporting period (restated)	252,183	(217,553)	8,237	42,867	-

	Turnover	Operating Costs	2016 Operating surplus	2015 Operating surplus/ (deficit)
COMPANY	£ '000	£ '000	£ '000	£ '000
Social lettings (note 4)	-	-	-	-
Other activities (note 5)	27,718	(27,718)	-	23
Total	27,718	(27,718)	-	23
Total for previous reporting period	26,320	(26,297)	23	-

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

	General Needs	Supported Housing	Shared Ownership	2016 Total	2015 Total restated
GROUP	£ '000	£ '000	£ '000	£ '000	£ '000
Rent receivable net of service charges	186,664	5,816	93	192,573	171,566
Service charges	4,178	855	84	5,117	4,205
Gross income from rents and service charges	190,842	6,671	177	197,690	175,771
Less rent losses from voids	(1,300)	(93)	-	(1,393)	(1,180)
Net income from rents and service charges	189,542	6,578	177	196,297	174,591
Grants released from deferred income	32,721	433	-	33,154	39,933
Revenue grants from Scottish Ministers	509	591	-	1,100	2,284
Other revenue grants	-	-	-		-
Total turnover from social letting activities	222,772	7,602	177	230,551	216,808
Management and maintenance administration costs	52,919	2,064	102	55,085	53,177
Service costs	5,098	985	2	6,085	5,706
Planned and cyclical maintenance including major repairs costs	21,754	959	-	22,713	24,215
Reactive maintenance costs	31,656	936	-	32,592	29,457
Bad debts – rents and service charges	1,539	67	-	1,606	1,039
Depreciation of social housing	45,852	1,697	8	47,557	39,678
Operating costs from social letting activities	158,819	6,707	112	165,638	153,272
Operating surplus from social lettings	63,953	895	65	64,913	63,536
Operating surplus from social lettings for the previous reporting period reporting period	62,617	876	43	63,536	-

COMPANY

There were no activities in Wheatley Housing Group Limited entity results classified as social letting.

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

GROUP	Grants From Scottish Ministers £ '000	Other Revenue £ '000	Supporting People Income £ '000	Total Turnover £ '000	Total Operating Costs £ '000	2016 Operating Surplus /(Deficit) £ '000	2015 Operating Surplus /(Deficit) £ '000
Wider role activities to support the community	764	697	-	1,461	(15,483)	(14,022)	(13,929)
Care activities	-	11,047	-	11,047	(10,909)	138	385
Factoring	-	13,396	-	13,396	(11,895)	1,500	1,013
Investment Property	-	11,134	-	11,134	(5,196)	5,938	3,463
Support activities	-	-	1,258	1,258	(2,292)	(1,034)	(641)
Owners' improvement activities	-	2,805	-	2,805	(4,485)	(1,680)	(788)
Demolition activities	-	-	-	-	(7,162)	(7,162)	(8,028)
Other income		6,292	-	6,292	(1,641)	4,651	1,816
Depreciation – Non Social Housing	-	-	-	-	(5,021)	(5,021)	(6,105)
Organisation Restructuring	-	-	-	-	(1,556)	(1,556)	(5,295)
Development & Construction of Property Activities		3,213		3,213	(4,365)	(1,152)	(797)
Total from other activities	**764**	**48,584**	**1,258**	**50,606**	**(70,009)**	**(19,400)**	**(28,906)**
Total from other activities for the previous reporting period	-	33,600	1,775	35,375	(64,281)	(28,906)	-

COMPANY	Grants From Scottish Ministers £ '000	Other Revenue £ '000	Supporting People Income £ '000	Total Turnover £ '000	Total Operating Costs £ '000	2016 Operating Surplus £ '000	2015 Operating Surplus /(Deficit) £ '000
Provision of Group services	-	27,718	-	27,718	(27,718)	-	23
Total from other activities	**-**	**27,718**	**-**	**27,718**	**(27,718)**	**-**	**23**
Total from other activities for the previous reporting period	-	26,320	-	26,320	(26,297)	23	-

6. Board members' emoluments

Board members received emoluments of £150,761 (2015: £83,800) in respect of their services to Wheatley Housing Group Limited. These amounts are fully recharged to operational subsidiaries.

Emoluments were paid to the following Board members.

	2016 £	2015 £
Alastair Dempster	-	15,000
Mike Blyth	13,000	8,000
Ronnie Jacobs	13,000	8,000
Alastair MacNish	27,000	8,000
Gordon Sloan	17,000	8,000
Elizabeth Walford	13,000	8,000
Lesley McInnes (part year)	-	6,000
Sheila Gunn	13,000	8,000
Margaret Dunlop (part year)	5,833	8,000
Kate Willis	10,000	3,400
Pauline Hamilton (part year)	5,000	3,400
Jo Armstrong (part year)	7,692	-
Peter Kelly (part year)	9,167	-
John Fletcher (part year)	5,027	-
John Hill (part year)	2,938	-
James Muir (part year)	2,938	-
Dr Thomas Mitchell (part year)	6,166	-
	150,761	**83,800**

In addition, £4,944 (2015: £3,617) was paid to Board members for reimbursement of expenses.

7. Officers' emoluments

	2016 £ '000	2015 £ '000
Aggregate emoluments payable to senior officers (including pension contributions and benefits in kind)	1,175	1,132
Emoluments payable to the Chief Executive (excluding pension contributions)	236	241
Pension contributions paid on behalf of the Chief Executive	43	41

During the periods the senior officers' emoluments (excluding pension contributions) fell within the following band distributions:

	2016	2015
More than £130,000 but not more than £140,000	-	3
More than £140,000 but not more than £150,000	3	1
More than £150,000 but not more than £160,000	1	-
More than £160,000 but not more than £170,000	1	1
More than £230,000 but not more than £240,000	1	-
More than £240,000 but not more than £250,000	-	1

The senior officers are defined for this purpose as the Chief Executive and any person reporting directly to the Chief Executive earning at the rate of over £60,000 per annum. Senior officers' duties extend across the Group.

The senior officers are eligible to join the pension scheme of the Group subsidiary by which they are employed and employer's contributions are paid on the same basis as other members of staff.

All six senior officers were in post for the full year.

8. Employees

In the year to 31 March 2016, the average full time equivalent number of employees of the Group, including senior officers, was 2,321 (2015: 2,034). Employee cost and numbers include staff employed by Dunedin Canmore Enterprise Limited from the date of joining the Group. No staff are directly employed by the Company.

GROUP	2016 £ '000	2015 restated £ '000
Staff costs (for the above persons)		
Wages and salaries	60,061	54,731
Social security costs	5,421	4,371
Employer's pension costs	9,463	9,177
	74,945	68,279

9. Other income and gains

	2016 £ '000	2015 restated £ '000
(Loss)/gain on revaluation of investment property:	(1,303)	8,237
Dunedin Canmore Group:		
Fair value of net assets acquired	103,284	-
Consideration	-	-
Gain on business combination	103,284	-
Total other income and gains	101,981	8,237

Dunedin Canmore Housing Association Limited and Dunedin Canmore Enterprise Limited joined the Group on 1 July 2015, with 100% of both entities being acquired within the normal course of the Group's operations. No fundamental reorganisation or restructuring occurred as a result. In accordance with FRS 102, the gain arising on business combination is therefore recognised within operating surplus.

Since joining the Group, Dunedin Canmore has generated revenue of £29,883k and contributed a surplus for the year of £13,418k.

The following amounts were recognised at the acquisition date:

	£ '000
Fixed assets	241,178
Investment properties	50,310
Current assets	16,080
Current liabilities	(6,773)
Net current assets	9,307
Long term liabilities	(192,706)
Provisions	(4,805)
	103,284
Revenue reserves	103,284

10. Gain on disposal of fixed assets

This represents net income from the sale of properties under tenants' Right-to-Buy ("RTB") entitlement and from Shared Ownership sales. Sales were made in Glasgow Housing Association and Cube Housing Association.

GROUP	2016 £ '000	2015 £ '000
Right-to-Buy		
Proceeds from disposal of properties	8,385	6,290
Value of properties disposed	(5,568)	(4,113)
Surplus on sale of fixed assets	2,817	2,177
Shared Ownership Properties		
Proceeds from disposal of properties	-	27
Value of properties disposed	-	(21)
Surplus on sale of fixed assets	-	6
Total gain on disposal of fixed assets	2,817	2,183

11. Finance income

GROUP	2016 £ '000	2015 £ '000
Bank interest receivable on deposits in the year	108	269
Net return on pension asset	330	-
Total	438	269

12. Finance charges

GROUP	2016 £ '000	2015 £ '000
Interest payable	45,749	30,387
Other financing costs	2,064	2,649
Net cost on pension	407	2,503
Total	48,220	35,539

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

Interest of £2.2m (2015: £1.6m) has been capitalised at a weighted average interest rate of 4.98% (2015 4.98%).

13. Tax on surplus on ordinary activities

GROUP	2016 £ '000	2015 £ '000
Corporation tax:		
UK Corporation Tax on income for the year	105	(3)
Adjustments in respect of prior years	(7)	19
Adjustments in respect of prior years – Group tax relief	-	18
	98	34
Deferred tax	544	-
Tax charge	642	34

COMPANY	2016 £ '000	2015 £ '000
Corporation tax		
UK Corporation Tax on income for the year	-	5
Adjustments in respect of prior years	-	18
	-	23

The charitable status of Glasgow Housing Association, Dunedin Canmore Housing Association, Cube Housing Association, West Lothian Housing Partnership, Loretto Housing Association and Loretto Care means means that no corporation tax is payable on their activities. Tax is payable on the profits from the activities of the Group's other non-charitable subsidiary companies.

Factors affecting the tax charge/(credit) for the current period

GROUP	2016 £ '000	2015 £ '000
Current tax reconciliation		
Surplus on ordinary activities of Group undertakings	111,150	9,782
Current Tax at 20% (2015: 21%)	22,230	2,054
Effects of:		
Charitable surpluses not subject to tax	(21,478)	(262)
Qualifying charitable donations	(283)	(1,795)
Under/(over) provision in prior year	173	19
Adjustment in respect of prior years – Group tax relief	-	18
Total current tax charge/(credit)	642	34

COMPANY	2016 £ '000	2015 £ '000
Current tax reconciliation		
Surplus on ordinary activities	-	23
Current Tax at 21% (2015: 21%)	-	5
Effects of:		
Charitable surpluses not deductible for tax purposes	-	-
Charitable donation against prior period liabilities	-	-
Under/(over) provision in prior year	-	18
Total current tax charge	-	23

14. Auditors' remuneration

	2016 £ '000	2015 £ '000
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	27	26
Audit of financial statements of subsidiaries pursuant to legislation	196	154
Other audit related services	5	68
Other services	43	19

15. Financial commitments

Capital commitments

All capital commitments of the Group were as follows:

GROUP	2016 £ '000	2015 £ '000
Expenditure contracted for, but not provided in the financial statements	51,226	40,954
Expenditure authorised by the Board but not contracted	68,090	67,665
	119,316	108,619

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

Operating leases

At 31 March 2016 the Group had commitments under non-cancellable operating leases as follows; the company had no such commitments.

GROUP	2016 Land and Buildings £ '000	2016 Other £ '000	2015 Land and Buildings £ '000	2015 Other £ '000
Operating lease payments due:				
Within one year	1,099	89	1,380	494
In the second to fifth years inclusive	2,826	45	3,469	303
Over five years	2,117	-	1,257	-
	6,042	134	6,106	797

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

16. Fixed assets – Social Housing Properties

GROUP	Core Stock £ '000	Housing Under Construction £ '000	Shared Owner-ship £ '000	Total £ '000
At Valuation				
At 1 April 2015	1,116,442	58,488	1,934	1,176,864
Acquired in the year	212,677	7,781	14,517	234,975
Additions	73,085	52,581	-	125,666
Disposals	(6,352)	(61)	(146)	(6,559)
Transfers	61,416	(75,448)	(59)	(14,091)
Revaluation	(55,620)	-	334	(55,286)
At 31 March 2016	1,401,648	43,341	16,580	1,461,659
Depreciation				
At 1 April 2015	-	-	-	-
Acquired in the year	(1,510)	-	-	(1,510)
Charge for year	(47,810)	-	(8)	(47,818)
Transfers	261	-	-	261
Disposals	819	-	-	819
Revaluation	48,239	-	8	48,247
At 31 March 2016	-	-	-	-
Net Book Value - valuation				
At 31 March 2016	1,401,648	43,341	16,580	1,461,569
At 31 March 2015	1,116,442	58,488	1,934	1,176,864
Net Book Value – historic cost equivalent				
At 31 March 2016	1,870,011	43,292	23,630	1,807,921
At 31 March 2015	1,456,178	58,488	1,561	1,516,227

All subsidiaries in the Wheatley Housing Group Limited account for social housing properties at valuation. Additions to housing under construction include capitalised interest costs of £2.2m (2015: £1.6m). Interest has been capitalised at the weighted average interest cost for the Group of 4.98% (2015: 4.98%).

The valuation of social housing properties is separated into two categories, namely those retained for letting and those properties which form part of the Group's demolition programme, as detailed in the Group's 30-year Business Plan for 2016-17. The demolition programme identifies 340 properties for demolition over the next few years, with no long term investment expenditure associated with these properties.

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

Social housing properties have been valued by Jones Lang LaSalle, an independent professional advisor 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 RCIS at 31 March 2015 on an Existing Use Valuation for Social Housing EUV-SH. A discount rate of between 5.75%-8.00% (2015: between 5.75% - 8.00%) was used for retained stock dependant on the archetype. The valuation assumes a rental income increase of RPI + 0.5% for retained stock from 2016-17 in line with the Group's 30-year Business Plan. 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.

During the year the Group disposed of 204 properties (2015: 166 properties) to tenants under Right to Buy entitlements. These properties were valued at £5.568m during the year (2015: £4.134m).

The number of units of social housing accommodation owned and managed (excluding unlettable voids) by the Group at 31 March 2016 is shown below:

	2016	2015
Social Housing		
General needs	47,616	42,472
Shared ownership	398	46
Supported housing	1,527	1,324
Housing held for long-term letting	49,541	43,842
Housing approved/planned for demolition	340	1,336
Total Units	49,881	45,178

17. Fixed assets – other tangible fixed assets

GROUP	Office Premises £ '000	Combined Heat and Power £ '000	Furniture fittings and equipment £ '000	Computer Equipment £ '000	Total £ '000
Cost					
At 1 April 2015	2,961	4,932	22,451	32,128	62,472
Acquired in the year	7,728	-	172	2,942	10,842
Additions	861	-	803	3,488	5,152
Disposals	(288)	-	(491)	(1,068)	(1,847)
At 31 March 2016	11,262	4,932	22,935	37,490	76,619
Depreciation					
At 1 April 2015	(984)	(2,721)	(11,556)	(24,567)	(39,828)
Acquired in the year	(999)	-	(48)	(2,082)	(3,129)
Charge for year	(250)	(79)	(2,776)	(1,916)	(5,021)
Disposals	288	-	491	1,068	1,847
At 31 March 2016	(1,945)	(2,800)	(13,889)	(27,497)	(46,131)
Net Book Value					
At 31 March 2016	9,317	2,132	9,046	9,993	30,488
At 31 March 2015	1,977	2,211	10,895	7,561	22,644

COMPANY	Furniture fittings and equipment £ '000	Computer Equipment £ '000	Total £ '000
Cost			
At 1 April 2015	6,111	2,963	9,074
Additions	33	2,751	2,784
Disposals	(5,939)	-	(5,939)
At 31 March 2016	205	5,714	5,919
Depreciation			
At 1 April 2015	-	-	-
Charge for year	(57)	(945)	(1,002)
Disposals	-	-	-
At 31 March 2016	(57)	(945)	(1,002)
Net Book Value			
At 31 March 2016	148	4,769	4,917
At 31 March 2015	6,111	2,963	9,074

18. Investment properties

GROUP	Properties held for market rent £ '000	Commercial properties £'000	Total £'000
Valuation			
At 1 April 2015	43,782	20,674	64,456
Acquired in the year	49,960	350	50,310
Additions	15,908	2	15,910
Transfers	14,091	-	14,091
Disposals	(83)	-	(83)
Revaluation	(1,303)	-	(1,303)
At 31 March 2016	122,355	21,026	143,381
Net Book Value			
At 31 March 2016	122,355	21,026	143,381
At 31 March 2015	43,782	20,674	64,456

Market rent properties were valued at market value subject to tenancy (MV-T) by an independent professional adviser, Jones Lang LaSalle, on 31 March 2016.

The number of properties held for market rent by the Group at 31 March 2016 were:

	2016	2015
Market Rent Properties		
Total Units	1,268	478

Commercial properties were valued by an independent professional advisor, Ryden Property Consultants, on 31 March 2012 in accordance with the appraisal and valuation manual of the RICS. Commercial properties are subject to valuation at least every five years.

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

19. Debtors

GROUP	2016 £ '000	2015 £ '000
Due in more than one year:		
Development agreement	101,467	116,277
Other debtors	168	353
	101,635	116,630
Due within one year:		
Arrears of rent and service charges	14,059	11,952
Adjustment to discount arrears balances with payment plans	(30)	(111)
Less: provision for bad and doubtful debts	(2,929)	(3,049)
	11,100	8,792
Prepayments and accrued income	6,416	6,899
Other debtors	13,563	13,823
Total	132,714	146,144

Included in debtors is a balance of £101.5m (2015: £116.3m) in respect of the expected cost of the development work that Glasgow City Council has committed to undertake in order to refurbish the housing properties transferred. The Council has sub-contracted Glasgow Housing Association to carry out the programme of catch-up repairs to the residential accommodation as part of a development agreement. This balance relates to the identical provision in the accounts for this expenditure (note 22) and as work progresses both of these balances will be utilised when the work is actually undertaken.

COMPANY	2016 £ '000	2015 £ '000
Due in more than one year:		
Amounts due from Group undertakings	1,782	-
Due within one year:		
Prepayments and accrued income	981	839
Other debtors	10	391
Amounts due from Group undertakings	4,825	2,144
Total	7,598	3,374

20. Creditors: amounts falling due within one year

GROUP	2016 £ '000	2015 £ '000
Amounts falling due within one year:		
Trade creditors	10,688	7,350
Accruals	40,091	33,101
Deferred income	18,956	38,937
Rent and service charges received in advance	7,629	6,639
Salaries, wages, other taxation and social security	1,600	2,329
Corporation tax	61	22
Housing loans	200	-
Bank overdraft	-	1,232
Other creditors	6,890	7,702
Total	86,115	97,312

COMPANY	2016 £ '000	2015 £ '000
Amounts falling due within one year:		
Trade creditors	619	340
Accruals	2,716	1,837
Corporation tax payable	-	5
Amounts due to Group undertakings	7,762	4,283
Total	11,097	6,465

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

GROUP	2016 £ '000	2015 £ '000
Scottish Government loan	26,980	27,778
Housing loans - bank facilities	638,169	432,334
Housing loans - bond finance	298,684	298,630
Fair value adjustment on housing loans	17,926	-
Deferred income	13,451	1,563
Other creditors	1,937	2,573
Total	997,147	762,878

COMPANY	2016 £ '000	2015 £ '000
Amounts due to Group undertakings	3,135	5,983
Total	3,135	5,983

The Scottish Government made available to Glasgow Housing Association £100.0m of contingent efficiencies grant over an eight year period. Under this agreement £100.0m (2015: £100.0m) has been received and this is an interest-free loan with repayment due in 2040-41. The amount due of £27.0m at 31 March 2016 is the measurement of the liability after discounting for an equivalent interest bearing arrangement with the same repayment date.

Housing Loans

Borrowing arrangements are in place via a Group facility consisting of bank and capital markets debt, secured on charged properties owned by certain RSLs within Wheatley Housing Group. This facility was made up of a committed facility of £526.0m from a syndicate of commercial banks, a committed facility of £132.5m from the European Investment Bank and £300.0m raised through the issue of a public bond. This provided total facilities of £958.5m for the RSL borrowing group to further develop new housing. This facility is provided through Wheatley Funding No1 Ltd, a wholly-owned subsidiary of Wheatley Housing Group Ltd. The RSL borrowing group comprises Glasgow Housing Association, Cube Housing Association, West Lothian Housing Partnership and Loretto Housing Association.

Bond finance is repayable in 2044-45, and has a coupon rate of 4.375%. The bond finance is secured on the social housing stock of the RSL borrowing group.

Dunedin Canmore Housing Association joined the Group on 1 July 2015 and has separate borrowing facilities of £155.0m which are secured on the Association's housing stock. This facility is fully drawn at 31 March 2016. Of total borrowings, Dunedin Canmore has loans totalling £53.6m under cancellable fixed rate arrangements. These loans are classified as complex financial instruments under FRS 102 and are carried at fair value. The fair value of these arrangements has been provided by JC Rathbone Associates Limited an independent professional advisor and has been determined using valuation techniques that utilise primarily observable inputs such as short term rates, futures, swap rates, implied volatilities and market credit spreads for similar credit worthiness instruments. The fair value has been determined in the following manner:

a) element attributable to changes in credit risk: discounted cash flows of a floating rate liability referenced to Libor 3m plus the original margin using the credit spread observable at the reporting date;

b) attributable to changes in interest rate risk, as the liabilities are at fixed rate with cancel-ability by the lender: determining fair value at the reporting date using interest rate curves and volatility to project and discount future cash flows.

The total fair value on housing loans results in an increase in the loan creditor of £17.5m. The fair value adjustment attributable to changes in credit risk resulted in a gain of £3.0m which has been taken to the Statement of Comprehensive Income. The adjustment attributable to interest rate risk was a gain of £3.9m also taken to the Statement of Comprehensive Income. Loans under these arrangements of £5.0m were re-paid during the year resulting in a gain of £0.6m.

Dunedin Canmore Enterprise also joined the Group on 1 July 2015 and has a commercial facility of £9.7m which was novated to Wheatley Funding No. 2 Ltd during the year. This facility is fully drawn at 31 March 2016. Of this facility, £5.0m is under a cancellable fixed rate arrangement and is classed as a non-basic financial instrument, carried at fair value with a corresponding adjustment made at 31 March 2016 of £475k, based on a valuation provided by JC Rathbone Associates Limited.

A further £50.0m facility is available to Lowther Homes Ltd provided through Wheatley Funding No.2 Ltd. A total of £15.6m has been drawn down from this facility at 31 March 2016.

Borrowings are repayable as follows	2016 £ '000	2015 £ '000
In less than one year	200	-
In less than five years and more than one year	107,452	95,000
In more than five years	829,401	635,964
	937,053	730,964

The deferred income balance is made up as follows:

	Housing association grant £ '000	Other £ '000	Total deferred income £'000
Deferred income as at 1 April 2015	33,072	7,428	40,500
Acquired in the year	3,894	682	4,576
Additional income received	20,132	4,677	24,809
Released to the Statement of Comprehensive Income	(34,333)	(3,145)	(37,478)
Deferred income as at 31 March 2016	22,765	9,642	32,407

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

	2016 £ '000	2015 £ '000
Deferred income to be released to the Statement of Comprehensive Income:		
In less than one year	18,956	38,937
In more than one year but less than five years	13,451	1,563
In more than five years	-	-
	32,407	40,500

Financial instruments	2016 £ '000	2015 £ '000
Measured at amortised cost:		
Debtors and accrued income	31,247	29,867
Instruments measured at fair value through income and expenditure:	-	-
Total	31,247	29,867

Financial liabilities	2016 £ '000	2015 £ '000
Measured at amortised cost:		
Creditors, accruals and deferred income	101,503	101,448
Scottish Government loan	26,980	27,778
Bank loans	883,703	730,964
Measured at fair value through income and expenditure:		
Non-derivatives that are not part of a trading portfolio	71,076	-
Total	1,083,262	860,190

Income earned and expense payable on the financial assets and liabilities is disclosed in note 11 and 12 respectively.

22. Provisions for liabilities and charges

GROUP	Development agreement £'000	Insurance £'000	Deferred tax £'000	Total £'000
At 1 April 2015	116,276	986	-	117,262
Acquired in the year	-	-	(147)	(147)
Created in year	-	-	544	544
Utilised	(14,810)	(45)	-	(14,855)
At 31 March 2016	101,466	941	397	102,804

Development Agreement
The provision represents the best estimate of the costs of contracted works for the repair of managed properties in 2003 less the cost of repairs carried out since that date. This agreement is part of the Development Agreement between Glasgow Housing Association and Glasgow City Council and as work progresses the provision will be utilised when the work is actually undertaken.

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

Deferred tax
Deferred tax is provide to take account of timing differences between the treatment of certain items for financial statement purposes and their treatment provided for tax purposes. Deferred tax is provided for all material timing differences and for the unrealised gain or losses on investment properties in certain subsidiaries in the Group.

23. Share capital

Wheatley Housing Group Limited was incorporated on 13 June 2012 and is a Company Limited by Guarantee and therefore does not have any Share Capital.

There were no balances in reserves for the company at 1 April 2015 and at 31 March 2016.

24. Pensions

Strathclyde Pension Fund
The Group subsidiary Glasgow Housing Association Limited participates in the Strathclyde Pension Fund ("SPF") which is administered by Glasgow City Council and is a defined benefit scheme. The assets of the scheme are held separately from those of the Association with investments under the overall supervision of the Fund Trustees.

The latest full actuarial valuation was carried out as at 31 March 2014. The next full actuarial valuation is due as at 31 March 2017.

Pensions Trust Scottish Housing Association Pension Scheme
Cube Housing Association, West Lothian Housing Partnership, Loretto Housing Association, Loretto Care and Dunedin Canmore Enterprise participate in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS") defined benefit section. This is a multi-employer defined benefit scheme and is funded and contracted out of the State Pension Scheme. Loretto Housing Association transferred to the SHAPS Defined Contribution scheme with effect from 1 July 2013, Cube Housing Association and West Lothian Housing Partnership transferred with effect from 1 September 2014 and Dunedin Canmore Enterprise transferred on 1 April 2014.

The Trustee commissions an actuarial valuation of the Scheme every three years, with the last formal valuation of the Scheme being carried out at 30 September 2012, the next full valuation due at 30 September 2015 is currently being undertaken.

The scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. FRS 102 requires the disclosure of the Group's share of the assets and liabilities of the scheme within the financial statements and an evaluation of the scheme assets and liabilities has been carried out by an independent actuary as at 31 March 2016.

Following consideration of the results of the last valuation at 30 September 2012, it was agreed that the shortfall of £304m would be dealt with by the payment of additional contributions of 5.4% of pensionable salaries per annum with effect from 1 April 2014. Past service deficit contributions will increase each 1 April at a rate of 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Wheatley Housing Group Defined Contribution Scheme
The Group also operates a defined contribution scheme through the Salvus Master Trust. These arrangements are open to all employees of GHA, Cube and West Lothian Housing Partnership who are not members of the Strathclyde Pension Fund or SHAPS defined benefit or defined contribution schemes.

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

Group Defined Benefit assets and obligations

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

	31 March 2016	31 March 2015
Discount rate	3.8%	3.4%
Future salary increases	*2.5%	**2.5%
Inflation	2.1%	2.0%

* Salary increases are assumed to be 2.0% p.a. until 31 March 2019, 2.5% p.a. thereafter.
** Salary increases are assumed to be 2.0% p.a. until 31 March 2016, 1.8% p.a. until 31 March 2018, 2.5% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2016, 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: 22.1 years (male) (2015: 22.1 years), 23.6 years (female) (2014: 23.6 years).
- Future retiree upon reaching 65: 24.8 years (male) (2015: 24.8 years), 26.2 years (female) (2015: 26.2 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 the Group has been allocated a share of cost under an agreed policy throughout the periods shown.

Movements in present value of defined benefit obligation	SPF 2016 £ '000	SHAPS 2016 £ '000
Opening defined benefit obligation	**305,865**	**52,540**
Current service cost	8,479	-
Interest cost	10,456	1,762
Loss on curtailment	355	-
Actuarial (gains)/ losses	(24,888)	(4,282)
Contributions by members	2,323	-
Estimated benefits paid	(7,821)	(1,456)
Closing defined benefit obligation	**294,769**	**48,564**

Movements in fair value of plan assets	SPF 2016 £ '000	SHAPS 2016 £ '000
Opening fair value of plan assets	**316,549**	**39,756**
Expected return on plan assets	10,786	1,355
Actuarial (losses) / gains	(2,539)	(203)
Contributions by the employer	6,903	1,742
Contributions by the members	2,323	-
Estimated benefits paid	(7,821)	(1,456)
Administration costs	-	(58)
Closing fair value of plan assets	**326,201**	**41,136**

	SPF Value at 31 March 2016 £ '000	SHAPS Value at 31 March 2016 £ '000
Present value of funded defined benefit obligations	(294,769)	(48,564)
Fair value of plan assets	326,201	41,136
Net asset/ (liability)	**31,432**	**(7,428)**

Expense recognised in the statement of comprehensive income	SPF 2016 £ '000	SHAPS 2016 £ '000
Current service cost	8,479	793
Losses on settlements or curtailments	355	-
Net interest on defined benefit obligation	(330)	407
Administration costs	-	58
	8,504	**1,258**

The expense is recognised in the following line items in the Statement of Comprehensive Income

	2016 £ '000	2015 £ '000
Operating costs	(235,619)	(217,553)
Finance income	438	-
Finance charges	(48,220)	(35,539)

The total amount recognised in the Statement of Comprehensive Income in respective of actuarial gains and losses is £26.493m gain (2015: £64.385m gain).

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

	2016 £'000	2015 £'000
Equities	250,084	251,725
Corporate bonds	62,094	55,463
Property	44,463	36,808
Alternatives	9,873	8,746
Cash	823	3,563
	367,337	356,305
Actual return on plan assets	9,399	50,362

25. Related party transactions

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

Directors received emoluments for their services to Wheatley Housing Group Limited. Details are included in Note 6.

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

Gordon Sloan
Kate Willis

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

	2016 £'000
Rent charged during the year	13
Arrears balances outstanding at 31 March 2016	-

No other transactions took place with Directors.

26. Cash Flow Analysis

Reconciliation of surplus to net cash inflow from operating activities	2016 £'000	2015 £'000
Surplus for the year	11,150	9,748
Less: gain on Dunedin Canmore partnership	(103,284)	-
	7,866	9,748
Depreciation of tangible fixed assets	52,578	45,776
(Increase)/decrease in stock	(119)	-
(Increase)/decrease in debtors	2,767	(2,010)
Increase in creditors and provisions	9,909	5,571
Pensions costs less contributions payable	313	1,540
Carrying amount of fixed asset disposals	-	(175)
Adjustment for investing or financing activities:		
Gain from the sale of tangible fixed assets	(2,817)	(2,183)
Grants utilised in the year	(39,610)	(39,933)
Interest receivable	(438)	(269)
Interest payable	48,220	35,539
Movement in fair value of financial instruments	(9,265)	(2)
Loss/(Gain) on investment activities	1,303	(8,237)
Net cash inflow from operating activities	70,707	45,365

27. Subsidiary and associated undertakings

The ultimate parent company is Wheatley Housing Group Limited. The Company has twelve immediate subsidiaries – Glasgow Housing Association Limited, Cube Housing Association Limited, West Lothian Housing Partnership Limited, Loretto Housing Association Limited, Glasgow Housing Association (Funding) Limited ("GFL"), Wheatley Funding No.1 Limited, Wheatley Funding No.2 Limited, Wheatley Enterprises Limited, Lowther Homes Limited, YourPlace Property Management Limited (formerly GHA (Management) Limited), Dunedin Canmore Housing Association Limited and Dunedin Canmore Enterprise Limited. Loretto Care is a subsidiary of Loretto Housing Association Limited. Wheatley Housing Group Limited retains constitutional control of all subsidiary undertakings.

The objective of Wheatley Funding No.1 Limited is the provision of finance to the Registered Social Landlords in the Group. Wheatley Funding No.1 Limited is the parent of Wheatley Group Capital plc, the vehicle for raising bond financing. Financing services were previously provided to GHA by Glasgow Housing Association (Funding) Limited prior to the funding re-structure. Wheatley Enterprises Limited is a non-trading holding company overseeing commercial activity which, through YourPlace Property Management Limited, delivers factoring services to homeowners. Lowther Homes Limited is involved in investment property acquisition and offers its properties for private and mid-market rent. Wheatley Funding No.2 Limited provides finance to Lowther Homes Limited. GHA (Management) Limited is non-trading.

The results of Scotcash CIC have not been consolidated as an associate undertaking into these accounts as they are not material to the Group's operations. Scotcash provides accessible and affordable finance to individuals with limited access to banking services. GHA has provided start-up funding to Scotcash and has no outstanding obligations.

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

Subsidiary	Legal status	Issued share capital
The Glasgow Housing Association Limited	Co-operative and Community Benefit Society	11 x £1 shares
Cube Housing Association Limited	Co-operative and Community Benefit Society	228 x £1 shares
Dunedin Canmore Housing Association Limited	Co-operative and Community Benefit Society	80 x £1 shares
Dunedin Canmore Enterprise Limited	Co-operative and Community Benefit Society	4 x £1 shares
The Glasgow Housing Association (Funding) Limited	Company Limited by Guarantee	No share capital
Wheatley Funding No.1 Limited	Company Limited by Guarantee	No share capital
Wheatley Funding No.2 Limited	Company Limited by Guarantee	No share capital
Wheatley Enterprises Limited	Company Limited by Shares	100 x £1 ordinary shares
Lowther Homes Limited	Company Limited by Shares	100 x £1 ordinary shares
YourPlace Property Management Limited	Company Limited by Shares	2 x £1 ordinary shares
Loretto Housing Association Limited	Co-operative and Community Benefit Society	277 x £1 shares
West Lothian Housing Partnership Limited	Company Limited by Guarantee	No share capital

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

28. Post balance sheet events

Partnership discussions with Barony Housing Association Limited were formally concluded on 1 April 2016 and Barony Housing Association Limited joined the Wheatley Housing Group Limited on that date.

Discussions are on-going with regard to participation in a proposed joint venture with Glasgow City Council. The joint venture entity would provide repairs and investment works and services to Wheatley Group and Glasgow City Council.

Supplementary Information

Secretary and Registered Office

Kirsten Craig
Wheatley Housing Group Limited
Wheatley House
25 Cochrane Street
Glasgow G1 1HL

Independent Auditors

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow G2 7EQ

Bankers

Royal Bank of Scotland
Glasgow Corporate Office
Kirkstane House
139 St Vincent Street
Glasgow G2 5JF

Board Members

Alastair MacNish OBE – Non-Executive Chairman (from 1 April 2015)
Alastair spent his career in local government, initially in finance as a Chartered Accountant and then five years as the Chief Executive of South Lanarkshire Council - Scotland's third largest local authority at the time. He was formerly the Chairman of the Accounts Commission and Audit Scotland and has advised the Scottish Government on a wide range of issues, including chairing the Leadership Advisory Panel on Local Government Leadership Capacity and providing expert evidence to the Scottish Parliament Local Government and Communities Committee on budget setting.

Alastair holds external appointments as the Chairman of Greenock Medical Aid Society and The Royal Caledonian Curling Club, as well as being a director of the Scottish Curling Trust and Board Director of British Curling.

Elizabeth Walford – Non-Executive Director
Liz, who holds a MA (Cantab) from the University of Cambridge, has held a number of executive positions within the housing sector in England. She retired as the Group Chief Executive of Walsall Housing Group in 2009 following five years in the post. Liz has extensive experience of business transformation and change, having supported significant change programmes and provided expert governance advice and support as a regulatory appointee on a number of housing provider Boards.

Liz is the Chair of YourPlace and also serves on the Board of Shropshire Housing Group Limited.

Mike Blyth – Non-Executive Director
Mike, who holds a BSc from the University of St Andrews, is a Chartered Accountant. He was a partner for 30 years in RSM (formerly Baker Tilly) where he held a number of senior management positions both locally and nationally. In addition, he headed up the not-for-profit group in the West of Scotland and, as such, provided audit and advisory services to a wide range of Registered Social Landlords the length and breadth of Scotland.

Mike holds an appointment as the Non Executive Chairman of Anglo Pacific Group plc.

Sheila Gunn – Non-Executive Director
A qualified solicitor, holding a LLB (Hons) from the University of Glasgow, Sheila worked in legal private practice for 23 years as a partner and Head of Employment at leading Scottish legal firm Shepherd & Wedderburn. She has provided counsel to the Boards of leading UK companies, and has also worked in the housing sector, having advised a number of Housing Associations, as well as conducting investigations into other housing associations requested by the Scottish Housing Regulator.

Sheila holds appointments as a member of the Council of the Chartered Banker Institute, a member of the Ethics Committee of ICAS and as a Non-Executive Director of Airdrie Savings Bank.

Ronnie Jacobs – Non-Executive Director
Ronnie is a qualified surveyor and has over 30 years' experience in the private housing sector, in particular new build development. He has held a number of senior positions in the private housing sector, including Managing Director of Persimmon Homes and Miller Homes in Scotland and he recently retired as Scottish Regional Chairman of Miller Homes. Ronnie has advised the Scottish Government on housing as part of the Housing Supply Task Force and has served on the Board of Homes For Scotland.

Ronnie is the Chair of Lowther Homes and a director of Transforming Communities: Glasgow. He holds an appointment as a director of Etive Technologies.

Jo Armstrong – Non-Executive Director (appointed 24 June 2015)
An independent business economist with an extensive professional career spanning financial services (in both London and Edinburgh), oil and gas and the Scottish civil service.

Currently, Jo has been appointed a Member of the Water Industry Commission for Scotland (Scotland's independent economic water regulator); is the Economist in OFGEM's Expert Panel for its Low Carbon Innovation Fund; and, is a Non-Executive Director of Social Investment Scotland (the charity and social enterprise that provides loans to social enterprises across Scotland).

Previously Jo was the Budget Advisor to the Scottish Parliament's Economy, Energy and Tourism Committee and the Local Government Committee.

Jo is an Honorary Professor of Public Policy at the Adam Smith Business School at Glasgow University; a Fellow of the Institute of Directors and a Fellow of the Royal Society of Arts. She holds two degrees in economics from the University of Strathclyde.

Gordon Sloan – GHA Appointee
Gordon spent his career in the civil service, working as a Children's Reporter, specialising in complex and high profile cases prior to his retirement. Gordon is a GHA tenant, with extensive experience in community engagement. He was previously the Chair of an NHS Trust Panel in Glasgow. Gordon is the Chair of Glasgow Housing Association Limited.

Kate Willis – GHA Appointee
A GHA tenant, Kate has significant experience in community development, capacity building and regeneration. Her contribution to her community was recognised in 2010 when she won the 'Inspirational Board Member of the Year' at the 2010 Housing Heroes Awards, by Inside Housing and the Chartered Institute of Housing. Kate works for the Castlemilk Timebank.

Kate is a Board member of Glasgow Housing Association Limited and Chairs its North West and South Area Committees and is a director of Scotcash. She holds an appointment as a director of the Castlemilk and Carmunnock Community Windpark Trust.

Peter Kelly – Co-opted Director (appointed 1 May 2015)
Peter is a Banking Partner at Scotland's largest law firm, Brodies LLP, and holds both a LLB (Hons) and BAcc from the University of Glasgow. He acts for lenders and borrowers in leveraged, real estate and corporate finance transactions. Peter also specialises in healthcare, renewables and third sector deals and is recognised as a ranked individual for Banking and Finance by Chambers & Partners. Peter is a Board member of Cube Housing Association Limited and holds appointments as a Non-Executive director of Balhousie Holdings Limited and as the company secretary of Applecross.

Margaret Dunlop - Co-opted Director (resigned 31 October 2015)
A qualified Industrial Engineer, Margaret spent her early career in Industrial Engineering. Subsequently, she worked in further education as a college Head of Department, where she managed both academic and administrative resources college-wide for IT, Audio-visual, Theatre, Printing, Publishing and Library Services. Her Head of Department remit also involved the promotion, production and delivery of Learning Packages to Fire Services nationally and internationally including the design and implementation of a staff advancement learning system within the multi-national BAA company. Margaret is the Chair of West Lothian Housing Partnership Limited.

John Fletcher – Co-opted Director (appointed 30 June 2015, resigned 31 December 2015)
John's career was primarily in banking, including significant experience within lending and funding to the housing sector. John works part-time for Cascade Mortgage Solutions. He is a Non-Executive Director and past Chairman of both Dunedin Canmore and Dunedin Canmore Enterprises.

John Hill – Director (appointed 16 December 2015)
A qualified accountant, John retired having been Depute Chief Executive of West Lothian Council. He has significant experience at executive and senior management level in local government, including senior roles leading the council's operational services; housing, construction and building services; Direct Labour Organisation, and business services. John has experience in Non-Executive and Board roles, including having served on the Improvement Service PSIF Board, Chairing West Lothian Recycling Ltd and as Scottish Secretary of the Association for Public Service Excellence.

James Muir – Director (appointed 16 December 2015)
James is an experienced business leader with over 20 years' experience in financial, operational and strategic roles across a range of sectors including utilities, health, financial and marine services. He is currently the Group Business Development Director at V.Group. James is co-opted to Wheatley Board from the Board of Loretto Care which he joined in 2011 and where he serves as Chair.

Thomas Mitchell – Director (appointed 24 February 2016)
Tom is a chartered accountant and is Chair of the Dunedin Canmore Housing Board. His specialisms include governance, risk and financial management and control in regulated sectors, principally in housing and charities, gained as an auditor as well as his experience as a Chartered Accountant. Tom is a member of the Institute of Chartered Accountant technical committee on Charities. His other directorships include trustee of Royal Zoological Society Scotland and he is a board member of the Homes for Life Housing Partnership.

Martin Kelso – Director (appointed 1 June 2016)
Martin was appointed as a director in June 2016. A Chartered Accountant, also holding a MBA from Cranfield University, he has substantial senior experience in financial, general and change management roles including Interim Strategic Finance Director of Virgin Money, Finance Director of Intelligent Finance (HBOS) and commercial lending and finance roles at Halifax. Martin currently provides expert financial and change management consultancy services across a range of sectors as well as Chairing Barony Housing Associating, a subsidiary of the Wheatley Group.

Martin Armstrong – Director
Martin is the Chief Executive of Wheatley Housing Group Limited, having been appointed upon the Group's creation in 2012. He holds a BSc in Social Administration & Housing Management from the University of Ulster, a PGD in Management and is a Fellow of the Royal Institute of Chartered Surveyors. Martin has over 25 years of public sector experience with a track record in strategy formulation, performance management and business transformation. Prior to joining, initially, Glasgow Housing Association Limited, he held senior posts at West Lothian Council, including Head of Housing and Customer Services and latterly Director of Customer & Support services. Martin is also a Board member of Quality Scotland.

Executive Team

Martin Armstrong, Group Chief Executive
Martin sits on the Board of Wheatley Housing Group and also leads the Group's Executive team.

Steven Henderson, Interim Group Director of Finance
Steven Henderson joined Wheatley as Director of Finance in August 2013. He previously worked for the European Investment Bank in Luxembourg. An experienced Chartered Accountant, Steven has specialised in housing and regeneration finance throughout his career. He worked for PricewaterhouseCoopers in Glasgow and also held a senior position with Ernst & Young before moving to the European Investment Bank, where he was responsible for investment of £250 million of EU Structural Funds, as well as lending activity for the Bank in the social housing and water sectors in the UK.

Graham Isdale, Director of Corporate Affairs and Commercial
A former UK Board director of one of the world's largest communications companies, Graham joined Glasgow Housing Association in 2009. He was previously instrumental in building two of the biggest independent PR consultancies in the UK and has handled major crisis, issues-management and communications assignments for multi-nationals all over the world, as well as FTSE 100 companies and Government departments and agencies. Graham is also a former regional newspaper editor.

Olga Clayton, Group Director of Housing and Care
Olga joined Wheatley Housing Group in September 2013, and has over 25 years' experience in Scottish social housing. As Head of Housing at North Ayrshire Council, Olga led the transformation of the service achieving an 'A' rating from the Scottish Housing Regulator, winning Quality Scotland's top award for Business Excellence and achieving COSLA's Gold award for innovation in services. Olga also has substantial experience of developing partnerships and delivering services in the care sector. As Head of Housing and Community Care in her final four years at North Ayrshire Council, she was responsible for commissioning and contracting for services to older people and people with disabilities, achieving excellent Care Inspectorate ratings and leading service integration with the Health Service. As well as having a strong operational track record, Olga has extensive experience of contributing to policy development at national level, most recently serving on the Ministerial Strategy Group on Homelessness and the national delivery group for the Integration of Health and Social Care.

Elaine Melrose, Group Director of Resources
Elaine joined Wheatley Housing Group in September 2013 from West Dunbartonshire Council where she was an Executive Director for Housing, Environmental and Economic Development. Elaine has wide strategic experience in everything from regeneration and community planning to infrastructure investments and has led key improvement activity in organisation culture and improving competitiveness.

Kirsten Craig, Company Secretary
Kirsten is a qualified solicitor and held the position of Company Secretary at Dumfries and Galloway Housing Partnership Limited prior to joining Wheatley Group in January 2014.

Wheatley Group Wheatley House
25 Cochrane Street, Glasgow, G1 1HL

wheatley-group.com