



# DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended

31 March 2015

**Loretto Housing Association Limited**

(Co-operative & Community Benefit Society No. 1920RS)  
(Scottish Housing Regulator Registration No. 154)  
(Scottish Charity No. SC07241)

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited consolidated financial statements for the year to 31 March 2015.

### **Legal Status**

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 No.1920RS. The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC07241.

The Association's wholly owned subsidiary, Loretto Care is a charitable company (charity number SC034584) incorporated as a company limited by guarantee (company number SC252526). Loretto Care is governed by a Memorandum and Articles of Association under the Companies Act.

On 6 January 2014, Loretto Housing Association Limited and its subsidiary, Loretto Care, together the "Loretto Group", became members of the Wheatley Housing Group Limited. The Wheatley Housing Group Limited is a company limited by guarantee and registered in Scotland under the Companies Acts (company registration number SC426094), having its registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL. It is registered with The Scottish Housing Regulator as a registered social landlord (number 363).

Loretto Housing Association Limited is a wholly owned subsidiary of the Wheatley Housing Group Limited.

### **Principal activities**

The principal activities are the provision and management of affordable rented accommodation and the provision of care and support services.

### **Governance**

The members of the Board of Directors during the year are listed below:

Michael Burns	Chair
Bill O'Neil	
Laura Edwards	Resigned 21 October 14
David Comley	Resigned 27 August 14
Moira Smith	Resigned 9 February 15
Thomas Connelly	
Margo McCann	
Laura Forbes	
Douglas Robin	
Gordon Findlay	
Ruth Henderson	
Pauline Hamilton	

## **DIRECTORS' REPORT (continued)**

Each Director holds one fully paid share of £1 in the Association. The executive officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as executives within the authority delegated by the Board.

The Directors are also trustees of the charity and are appointed by the members of the Association at its Annual General Meeting. Loretto Care is governed by a separate Board, although certain Directors participate in both Boards.

A full list of Loretto Care Trustees is available in its annual financial statements.

### **Review of Business and Future Developments**

#### **Overview of performance**

Every year, Loretto Housing reports its performance to the Scottish Housing Regulator. This is called the Annual Return on the Charter (ARC) and lets the organisation see how it compares to other registered social landlords.

Loretto Housing's performance in the financial year 2014/15 has improved significantly with 35% of performance indicators now in the top quartile. This is an increase of ten percentage points on last year's results helping to build a solid base to build our future objectives on.

While these results show progress in improving performance there is still some way to go to meet the aim of consistent top quartile performance.

Key improvements in performance include:

- Reactive repairs right first time (up more than 20%)
- Tenant satisfaction with the management of the neighbourhood they live in (up 9%)
- Tenancy sustainment (up 10%)
- Gas safety – 100%
- Average number of days to complete medical adaptations (down from 103 days to 69 days)
- Gross rent arrears (down 1.14%)

There was some decline in the time taken to complete emergency repairs towards the end of the year linked to the conclusion of the existing contracts which ended on 31st March 2015. City Building will be providing the repairs service to Loretto customers from 1st April 2015 and appointment slots will be offered to anyone requiring a repair. This improvement will result in increased customer satisfaction and improved performance in the area of repairs.

## **DIRECTORS' REPORT (continued)**

### **New build and regeneration**

Housing Minister Margaret Burgess officially opened Loretto Housing's new homes at Huntershill Court in Springburn. The 49 modern, spacious, energy-efficient homes in Springburn are designed to cut tenants' fuel bills and give them a better quality of life. The homes are a mix of two, three and four-bedroomed flats, with four designed specifically for wheelchair users. Loretto tenant Irene Wilson moved in to her new two-bedroom flat in December with her two-year-old twins Tommy and Erin. She said:

"I just love my new home. I had been living in temporary accommodation and it's so much better than what I've been used to. "There so much space, the view is beautiful and the size of the rooms is great."

Loretto Housing broke ground on 76 new-build units in 2014/15, most of which will be complete by the end of 2015. This includes 26 homes in the Hallglen area of Falkirk due for completion in early July 2015 and new 'amenity' housing comprising of 21 units in the Mossspark area of Glasgow due late autumn 2015.

### **Regeneration**

Loretto Housing has turned what was an old office space into three new homes for Loretto tenants. The building at Back Sneddon Street, in Paisley, used to be an office and staff base for a Loretto Care project. Now it has been transformed into three modern, spacious and energy-efficient homes. There was also work carried out at a former Loretto Care office in North Lanarkshire which created a three bedroom home for social rent.

### **Accredited service**

Loretto Housing achieved a number of reaccreditations by prestigious organisations in the last year. Loretto as a whole achieved Investors in People (IiP) gold for the fourth year running. They continue their role as an IiP champion – a leading organisation which helps other organisations as they bid for IiP accreditation. Loretto continues to be an accredited "Mindful Employer" and a "Positive about Disabled" employer.

### **Round the clock service**

Autumn 2014 saw the launch of 24 hour customer service for Loretto Housing tenants. While the phone number for customers remains the same, all calls now go to the Customer Service Centre which is available round the clock, 365 days a year. The highly trained advisors can deal with all routine enquiries and, if they can't answer customer queries straight away, will arrange for a call back from the right person. The customer service advisors dealt with 7,257 calls from Loretto Housing Customers since the 24/7 service went live.

### **Support for customers**

Loretto Housing is committed to providing tenants with the highest quality services and aim to meet their individual needs. As part of Wheatley Group, Loretto Housing has access to a number of services which provide additional support to customers, whether they're struggling to change a light bulb or struggling to pay their rent.

## **DIRECTORS' REPORT (continued)**

### **Handyperson service**

The free Handyperson Service is open to all Loretto Housing tenants over the age of 60 and disabled people of any age. The service offers practical help with odd jobs and small tasks around the house like cleaning windows and hanging curtains.

In the last year the service was used by nearly 10% of Loretto tenants with great success. More than 95% of service users who took part in a survey were satisfied with the service they received.

Mary Webb, 58, from Paisley used the service to put together a chest of drawers. She said:

“The guys were fantastic, really nice and friendly. They were very attentive and they knew what they were doing. I felt safe while they were in the house.”

### **Home Comforts service**

Customers struggling to find the money for essential home furnishings are finding Loretto Housing's Home Comforts service a lifeline.

In the last year 44 customers have accessed the service which recycles unwanted furniture and passes it on to customers in need.

### **Click & Connect Centres**

Loretto Housing tenants in Glasgow now have access to help and advice about getting online through the new Click & Connect centres.

Tenants can get advice on how to access job sites, get online shopping discounts, keep up to date with welfare reform changes and access the Loretto website. There are Click & Connect centres near Loretto homes throughout Glasgow.

### **Fuel advisors help customers cut their fuel bills**

Loretto Housing's new Fuel Advisor is helping tenants save on their bills. Advisors can visit tenants in their own homes to give free expert tips on how to cut bills and get access to the cheapest tariffs. They can also speak to the fuel provider on behalf of the tenant and arrange low-cost payment plans. In the last year, The Fuel Advisor has saved Loretto Housing customers £4,941 on their bills.

### **Welfare benefit advice**

Loretto Housing's Welfare Benefit Officer helps tenants cope with the effects of the UK Government's welfare reforms. The officer provides free expert advice to tenants on benefits and tax credits they're due and help with managing money.

Loretto Housing's Welfare Benefit officer helped tenants claim back £203,962 in unclaimed benefits between April 2014 and April 2015. In total, 60 tenants benefited from the service. A Welfare Reform Tenant Advisory Group was also formed to hear first-hand from customers how benefit reforms are affecting them. The group, which is comprised of tenants from Wheatley Group's registered social landlords including Loretto Housing, meets quarterly to develop activities that help lessen the impact of welfare reforms.

## **DIRECTORS' REPORT (continued)**

### **Legacy**

Glasgow's 2014 Commonwealth Games will leave a lasting legacy which benefits people across Central Scotland. Here are some of the Commonwealth Games projects which made a difference to Loretto's communities.

#### **Commonwealth Games furniture helps tenants furnish their homes**

Furniture from the Athletes' Village at the Commonwealth Games is still helping change lives for people in our homes. Thousands of items of furniture used by athletes at the 2014 event have already been redistributed to vulnerable tenants who need help to furnish their home, including Loretto Housing tenants.

GHA, part of Wheatley Group, moved more than 60,000 individual items of furniture from the Glasgow 2014 Athletes' Village in Dalmarnock. Councillor Gordon Matheson, Leader of Glasgow City Council, said:

"This is another fantastic example of the social legacy that the Games have brought to Glasgow, with many people and organisations across and near the city benefiting.

"I wish to congratulate all those involved in this inspired project, and I am sure that all those who receive these items from the Athletes' Village will make good use of them."

### **Host your kit**

The 'Host your kit' competition, run by Wheatley Group and Glasgow-based UK cloud computing company iomart, provided sports clubs in disadvantaged communities across the central belt with vouchers to buy equipment or kits. Clubs were chosen from within Wheatley Group communities. Camran Taekwondo, from North Lanarkshire, was awarded vouchers to buy new equipment to allow youngsters to compete in competitions.

### **Sports stars of the future**

Wheatley Group's 2014 Games Year Sport Scholarship helped 10 young athletes pursue their dreams of sporting excellence with a grant of up to £1,000 a year to help with travel expenses and equipment.

### **Loretto Care**

The main activities of Loretto Housing's subsidiary, Loretto Care, continue to be the provision of care and housing support under contracts with local authorities. Speciality services are provided to people with mental health difficulties; learning difficulties; addiction difficulties; people experiencing alcohol related brain damage and/or dementia and people who are homeless. Key developments in Care during the year were:

#### Tenancy Support Service

The service was registered with the Care Inspectorate as a service in its own right and began to offer a Glasgow city wide service to tenants of the Wheatley Group.

#### Reconfiguration

As a result of reconfiguration for most services, 20 formal staff team consultations were held, involving 250 staff. These were facilitated by Care Management and HR. We were able to offer

## **DIRECTORS' REPORT (continued)**

all staff reasonable alternatives arising from the reconfiguration and conclude the changes without redundancies.

### *Integration with Wheatley Housing Group*

All service management teams were inducted to Wheatley services within the first quarter of the year. The majority of our 550 front line staff attended a Wheatley Way session – allowing first hand exchanges between subsidiary staff about their organisations and co-creating the way forward for Wheatley. Interest in group and what this means for services has been, and remains high.

### **Care Inspectorate**

The grades for the Care Inspectorate continue to be positive ranging from 4 “good” to 6 “excellent” across all services.

### **Awards**

Loretto Group achieved the Customer Service Excellence award. The external verifier highlighted a number of points where Loretto Care exceeded criteria, including understanding the customer's needs. There was also a clear indication that purchasers value our work, particularly the added value we bring with service delivery.

Investors in People Gold and Healthy Working Lives Gold were retained. Investors in People Young People achieved as part of a Wheatley Group-wide submission.

An action plan has been devised based on any recommendations or areas for improvement made as part of the award process. Loretto continues to be an accredited “Mindful Employer” and a “Positive about Disabled” employer.

### **Health and Safety**

Loretto Group is a corporate member of, and the Health and Safety Coordinator is involved in, the national Health and Safety in Voluntary Social Sector (HaSiVSS) Group. Loretto Housing Association and Loretto Care are also corporate members of the National Association for Safety and Health in Care Services (NASHICS).

Membership of both groups offers peer support and sharing experience and best practice within the sector, as well as collective responses to legislative proposals and application of new health and safety practices

The staff Health and Safety Committee met once during 2014/15 to agree an implementation plan to align Health and Safety practices within Loretto, to that of the wider Wheatley Group. The implementation plan for Loretto Care will be achieved by September 2015.

No significant issues have been raised within the care reporting structure in terms of Health and Safety, albeit services continue to work with scheduling staff time to meet competing priorities in providing direct care and support as well as staff training – local plans exist to address this, and increased e-learning has helped facilitated local learning.

An organisation wide Hepatitis B vaccination programme continues for staff within Loretto Care, assessed as being more at risk of Blood Borne Viruses, additionally our Seasonal Flu Campaign took place in the autumn/winter with a focus on prevention and wellbeing as well as proactive work with Service Managers and staff to complement existing contingency plans and increase awareness of the seasonal influenza immunisation.

## **DIRECTORS' REPORT (continued)**

Statistics for Loretto Group include;

- Accident rate of 0.028 incidences per employee, a decrease from 0.049 in 2013/2014.
- Incident rate of 0.004 incidences per employee, a decrease from 0.103 in 2013/2014.
- RIDDOR rate of 0.004 incidences per employee, a decrease from 0.008 in 2013/2014.

Health and Safety policies, practices and performance was assessed as part of our Healthy Working Lives Gold Award, retained in 2014.

### **Political and charitable donations**

There were no political or charitable donations made by the Group within the year.

### **Financial Review**

#### *Statement of Comprehensive Income*

##### **Income**

The Group's turnover for 2014/15 was £19.9m (2014: £25.1m). The release of grants from deferred income following the adoption of the Housing SORP 2014 and FRS 102 in relation to new build housing projects significantly influenced the results - £2.5m was released in 2014/15 compared to £8.7m in 2013/14. Excluding grant, there was an underlying increase in income of £1.1m in the year.

The main source of income for the Group arose from the provision of care services of £11.6m (2014: £10.9m). The remainder of the Group's income was primarily derived from the social rental of housing property, with net rental income of £4.8m (2014: £4.4m).

##### **Expenditure**

Total operating costs of the Group were £17.6m (2014: £16.8m) comprising the following main items:

- Care activity costs of £11.4m (2014: £10.7m), which is primarily employee costs.
- Letting activity management and maintenance administration costs were £1.3m (2014: £1.1m).
- Revenue repairs and maintenance to properties totalled £0.9m (2014: £0.7m).
- Included in operating costs are employee costs, excluding capitalised employee costs of £nil (2014: £0.2m) and prior to FRS 102 pension valuation adjustments, totalling £11.1m (2014: £11.3m).

##### **Other movements in Comprehensive Income**

A decrease in valuation of housing properties of £2.6m (2014: £4.5m) has been recognised in the Statement of Comprehensive Income. This reflects the revaluation of completed housing properties, for which compensating grant income of £2.5m has been recognised within turnover for the year.

A gain of £2.6m arose from the reduction in the deficit on the Loretto Group's pension scheme (2014: £947 loss).



### ***Statement of Financial Position***

At the year end the valuation of housing properties was £40.6m (2014: £35.2m).

Investment during the year in new and existing housing properties totalled £9.4m (2014: £9.2m).

At the end of the year, the Loretto Group had rent arrears of £0.3m (2014: £0.4m) and related bad debt provisions of £0.1m (2014: £0.3m).

Net assets showed healthy growth over the year, increasing by 12.1% to £20.4m (2014: £18.2m).

### ***Liquidity***

Loretto Housing Association restructured its bank borrowings during the year, replacing former bank loans with intra-group lending through the Wheatley Group. This gives access to a continuing long term source of competitively priced loan funding in support of the Association's long term business plan. In addition, the Group increased its operating cash flow generation during the year, and at the year-end held over £2.2m in cash.

### ***Going concern***

On the basis of the Loretto Group's financial and operational performance, as well as the new arrangements under which borrowing can be accessed from the Wheatley Group, there are no material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern.

### ***Capital structure and treasury policy***

Loretto Group's activities are funded on the basis of a Business Plan which is updated annually. Its long-term funding is provided via an intra-group loan facility from the Wheatley Group treasury vehicle, Wheatley Funding No.1 Ltd.

The Group operates within the Wheatley Housing Group's Treasury Management Policy, which sets down the framework for investing and managing cash, raising loans, interest rate management and the use of financial derivatives by the Group.

A key objective of the Policy is to ensure that the Group's loan portfolio represents the optimum balance of risk in interest rate, loan maturity and fixed rate exposure. In turn, it ensures that Group officers have the authority to take the necessary action as and when required in response to changes in the financial markets. The overriding objective of this Policy is to be risk averse, whilst at the same time maximising return on funds invested within laid down agreed parameters.

### ***Longer-term business planning***

Each year the Loretto Group produces a 30-year Business Plan which sets out its long term financial forecasts. This document, which is agreed by the Board and approved by the Wheatley Group Board, demonstrates longer-term viability and the resources available to achieve the Loretto Group's strategic objectives.

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

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Society Act 2014 and registered social housing legislation require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit 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 estimates that are reasonable and prudent;
- state whether applicable accounting standards have 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 RSL will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the RSL's transactions and disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Registered Social Landlords Accounting Requirements (Scotland) Order 2012, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the RSL and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## STATEMENT ON INTERNAL CONTROL

The Board acknowledges its ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

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

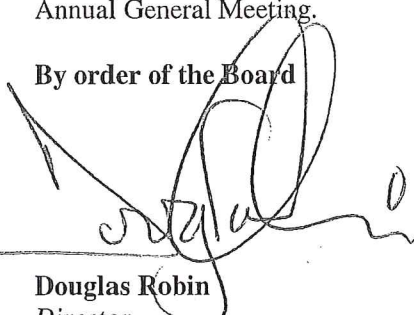
It is the Board's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Group's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Group's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

### Independent Auditors

A resolution to re-appoint the Auditors, PricewaterhouseCoopers LLP, will be proposed at the Annual General Meeting.

By order of the Board

  
Douglas Robin  
Director  
26 August 2015

Wheatley House  
25 Cochrane Street  
Glasgow  
G1 1HL

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LORETTO HOUSING ASSOCIATION LIMITED**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Loretto Housing Association's financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the registered provider's affairs as at 31 March 2015 and of the group's and the registered provider's deficit and cash flows for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2012, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

#### **What we have audited**

The Directors report and financial statements comprise:

- the group and registered provider's statement of financial position as at 31 March 2015;
- the group and registered provider's statement of comprehensive income;
- the group and registered provider's cash flow statement for the year then ended; 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the Board has 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.

### **Other matters on which we are required to report by exception**

#### **Adequacy of books of account and information and explanations received**

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

- the information given in the Board Report is inconsistent in any material respect with the financial statements; or
- a satisfactory system of control over transactions has not been maintained; or
- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the registered provider; or
- the registered provider financial statements are not in agreement with the books of account.

We have no exceptions to report arising from this responsibility.

## **Responsibilities for the financial statements and the audit**

### **Our responsibilities and those of the Board**

As explained more fully in the Statement of Board's Responsibilities set out on page 10, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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 provider's members as a body in accordance with Part 6 section 69 of the Housing (Scotland) Act 2010, Section 87 (2) and Section 98(7) of the Co-operative and Community Benefit Societies Act 2014, section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 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 board; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' 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 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.

Lindsey Paterson

Lindsey Paterson (Senior Statutory Auditor)  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
26 August 2015

- (a) The maintenance and integrity of the Loretto Housing Association's website is the responsibility of the board; 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.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31  
 MARCH 2015 - GROUP**

	<i>Notes</i>	<b>2015</b> £'000	<b>2014</b> restated £'000
Turnover	3	19,931	25,051
Operating expenditure	3	(17,646)	(16,751)
Exceptional operating income	11	-	302
Operating surplus		2,285	8,602
Finance income	9	11	9
Finance charges	10	(830)	(385)
Movement in fair value of financial instruments		1	(5)
Decrease in valuation of housing properties	14	(2,583)	(4,502)
(Deficit)/surplus for the year		(1,116)	3,719
Actuarial gain/(loss) in respect of pension schemes	22	2,618	(947)
Total comprehensive income for the year	20	1,502	2,772

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102.

The notes on pages 21 to 47 form part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31  
 MARCH 2015 - ASSOCIATION**

	<i>Notes</i>	2015 £'000	2014 restated £'000
Turnover	3	8,686	14,736
Operating expenditure	3	(6,787)	(5,944)
Exceptional operating income	11	-	302
Operating surplus		1,899	9,094
Finance income	9	11	9
Finance charges	10	(782)	(341)
Movement in fair value of financial instruments		1	(5)
Decrease in valuation of housing properties	14	(2,583)	(4,502)
(Deficit)/surplus for the year		(1,454)	4,255
Actuarial gain/(loss) in respect of pension schemes	22	2,157	(782)
Total comprehensive income for the year	20	703	3,473

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102.

The notes on pages 21 to 47 form part of these financial statements.



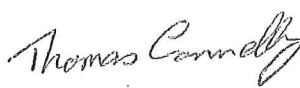
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015 - GROUP**

	<i>Notes</i>	2015 £'000	2014 restated £'000
<b>Fixed assets</b>			
Social housing properties	14	39,905	35,209
Other tangible fixed assets	15	1,898	1,799
		41,803	37,008
<b>Current assets</b>			
Trade and other debtors	16	2,223	1,813
Cash and cash equivalents		2,290	2,569
		4,513	4,382
<b>Creditors: amounts falling due within one year</b>	17	(7,303)	(5,465)
<b>Net current liabilities</b>		(2,790)	(1,083)
<b>Total assets less current liabilities</b>		39,013	35,925
<b>Creditors: amounts falling due after more than one year</b>	18	(15,517)	(11,112)
<b>Provisions for liabilities</b>			
Pension liability	22	(3,823)	(6,642)
<b>Net assets</b>		19,673	18,171
<b>Reserves</b>			
Share capital	19	-	-
Revenue reserve excluding pension reserve		23,496	24,813
Pension reserve	22	(3,823)	(6,642)
Revenue reserve	20	19,673	18,171
<b>Total reserves</b>		19,673	18,171

The comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102. These financial statements were approved by the Board on 10<sup>th</sup> August 2015 and signed on its behalf on 26<sup>th</sup> August 2015.



Douglas Robin  
Director



Thomas Connelly  
Director



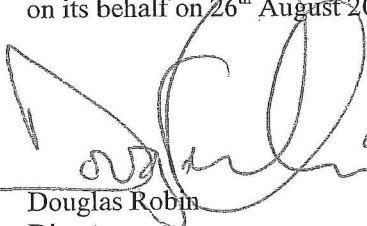
Kirsten Craig  
Secretary

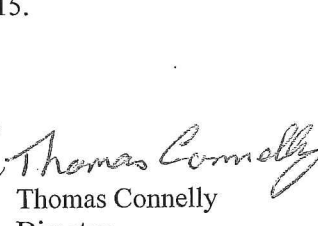
The notes on pages 21 to 47 form part of these financial statements.


**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015 -  
 ASSOCIATION**

	<i>Notes</i>	2015 £'000	2014 restated £'000
<b>Fixed assets</b>			
Social housing properties	14	39,905	35,209
Other fixed assets	15	1,898	1,799
		41,803	37,008
<b>Current assets</b>			
Trade debtors and other debtors	16	804	983
Cash and cash equivalents		1,818	1,316
		2,622	2,299
<b>Creditors: amounts falling due within one year</b>	17	(7,217)	(4,884)
<b>Net current liabilities</b>		(4,595)	(2,585)
<b>Total assets less current liabilities</b>		37,208	34,423
<b>Creditors: amounts falling due after more than one year</b>	18	(15,517)	(11,112)
<b>Provisions for liabilities</b>			
Pension liability	22	(3,162)	(5,485)
<b>Net assets</b>		18,529	17,826
<b>Reserves</b>			
Share capital	19	-	-
Revenue reserve excluding pension reserve		21,691	23,311
Pension reserve	22	(3,162)	(5,485)
Revenue reserve	20	18,529	17,826
<b>Total reserves</b>		18,529	17,826

The comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102. These financial statements were approved by the Board on 10<sup>th</sup> August 2015 and signed on its behalf on 26<sup>th</sup> August 2015.

  
 Douglas Robm  
 Director

  
 Thomas Connolly  
 Director

  
 Kirsten M. Craig  
 Secretary

The notes on pages 21 to 47 form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31  
 MARCH 2015 - GROUP**

	<i>Notes</i>	<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>restated £'000</b>
<b>Net cash generated from operating activities</b>	23	1,427	1,036
<b>Cash flow from investing activities</b>			
Improvement of properties		(1,191)	(742)
New build		(7,622)	(8,551)
Purchase of other fixed assets	15	(302)	(16)
Grants received	17	4,060	4,687
Finance income	9	11	9
		(5,044)	(4,613)
<b>Cash flow from financing activities</b>			
Finance charges		(644)	(215)
Bank loan drawn down		4,101	4,369
Repayments of borrowings		(119)	(417)
		3,338	3,737
<b>Net change in cash and cash equivalents</b>		(279)	160
<b>Cash and cash equivalents at 1 April</b>		2,569	2,409
<b>Cash and cash equivalents at 31 March</b>		2,290	2,569

The notes on pages 21 to 47 form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31  
 MARCH 2015 - ASSOCIATION**

	<i>Notes</i>	<b>2015</b>	<b>2014</b>
		<b>£'000</b>	<b>restated</b>
			<b>£'000</b>
<b>Net cash generated from operating activities</b>	23	2,262	1,561
<b>Cash flow from investing activities</b>			
Improvement of properties		(1,191)	(742)
New build		(7,622)	(8,551)
Purchase of other fixed assets	15	(302)	(16)
Grants received	17	4,006	4,687
Finance income	9	11	9
		(5,098)	(4,613)
<b>Cash flow from financing activities</b>			
Finance charges		(644)	(215)
Bank loan drawn down		4,101	4,369
Repayments of borrowings		(119)	(417)
		3,338	3,737
<b>Net change in cash and cash equivalents</b>		502	685
<b>Cash and cash equivalents at 1 April</b>		1,316	631
<b>Cash and cash equivalents at 31 March</b>		1,818	1,316

The notes on pages 21 to 47 form part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 1. Legal status

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

The Company and its subsidiary Loretto Care are referred to as "Loretto Group". The principal activity of the Group is the provision of social housing and associated housing management and care 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 Loretto Group and the Company are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2012, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2014 ("SORP 2014"), issued by the National Housing Federation and under FRS 102. The Loretto Group has elected to adopt FRS 102 and the SORP 2014 early. The results of Loretto Care are prepared under the Charities SORP 2010.

Whilst the Statement of Financial Position shows net current liabilities, a loan facility is in place which allows the Loretto Group to borrow sufficient funds to meet its current liabilities as they fall due. Accordingly the financial statements have been prepared on a going concern basis.

#### **Accounting judgements and estimations**

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

Judgements have been made in determining the appropriate discount rates used in the valuation of housing properties, and in the assessment of the fair value of financial instruments. In 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.

#### **Basis of Consolidation**

The Loretto Group Financial Statements incorporate the financial statements of the Group's parent Loretto Housing Association Limited and its subsidiary, Loretto Care. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

#### **Related party disclosures**

Loretto Housing Association is a wholly owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Association and Group have taken advantage of the exemption contained in FRS 102 and have therefore not disclosed transactions or balances with wholly owned entities which form part of the Wheatley Housing Group Limited as related parties.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**2. Accounting policies (continued)**

**Turnover**

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, revenue grants and other income. Turnover is recognised when the related goods/services are delivered and any income received in advance is treated as deferred income.

**Grant income**

Grant income received is matched with the expenditure to which it relates. Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, which are held at valuation, the grant is recognised as income using the performance model in accordance with the Statement of Recommended Practice for Social Housing Providers 2014 ("SORP 2014"). Prior to satisfying the performance conditions, capital grants are held as deferred income on the statement of financial position.

**Bad and doubtful debts**

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

**Supported housing**

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

**Financial Instruments**

Loans provided to Loretto Housing Association Limited by its lenders through the Wheatley Group subsidiary, Wheatley Funding No. 1 Limited ("WFL1"), are classed as basic under the requirements of FRS 102, and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

**Deposits and liquid resources**

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

**Pensions**

Loretto Housing Association and Loretto Care previously participated in the Pensions Trust Scottish Housing Association Pension Scheme (SHAPS) Defined Contribution Pension Scheme. The scheme is now closed. Members transferred to the SHAPS Defined Contribution Scheme on 1 July 2013. Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015**

**2. Accounting policies (continued)**

Associations taken as a whole. In accordance with FRS 102, the Loretto Group's share of the scheme assets and liabilities have been separately identified and are included in the Loretto 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.

**Fixed assets - Social housing properties**

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

• **Valuation of housing of properties**

Social housing properties are valued annually on an Existing Use Value for Social Housing (EUVS-H) basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation.

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

• **Depreciation and Impairment**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Group's asset management strategy and the requirement of Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Loretto 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 separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter at the following annual rates.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**2. Accounting policies (continued)**

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 recoverable amount and any write down would be charged to operating surplus.

• **New Build**

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

The 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.

**Housing Association Grant and other capital grants**

Housing Association Grant (HAG) is received from central government and local authorities and contributes to the costs of housing properties.

HAG received is recognised as income in the Statement of Comprehensive Income when new build properties are completed or the capital work is carried out. 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 abated and the grant 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 assets, depreciation is charged on a straight-line basis over the expected useful economic lives of fixed assets to write off the cost, or valuation, 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
Computer equipment (cost)	25% straight line
Furniture and equipment (cost)	10% reducing balance
Office Premises (cost)	2.5% straight line



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**2. Accounting policies (continued)**

**Provisions**

The Loretto 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, Loretto Housing Association and Loretto Care are exempt from corporation tax on its 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.

**Value Added Tax**

The Loretto Housing Association and Loretto Care are registered for VAT as part of Wheatley Housing Group's VAT group. The majority of its income, including rental receipts, is exempt for VAT purposes, giving rise to no VAT liability.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**3. Particulars of turnover, operating costs and operating surplus - Group**

	Notes	Turnover £'000	Operating Costs £'000	2015 Operating surplus/ (deficit) £'000	2014 Operating surplus/ (deficit) before exceptional items Restated £'000
Social lettings	4	7,362	(5,014)	2,348	8,843
Other activities	5	12,569	(12,632)	(63)	(543)
<b>Total</b>		<b>19,931</b>	<b>(17,646)</b>	<b>2,285</b>	<b>8,300</b>
2014 - restated		25,051	(16,751)	8,300	

**Particulars of turnover, operating costs and operating surplus – Association**

	Notes	Turnover £'000	Operating Costs £'000	2015 Operating surplus/ (deficit) £'000	2014 Operating surplus/ (deficit) before exceptional items Restated £'000
Social lettings	4	7,362	(5,014)	2,348	8,843
Other activities	5	1,324	(1,773)	(449)	(51)
<b>Total</b>		<b>8,686</b>	<b>(6,787)</b>	<b>1,899</b>	<b>8,792</b>
2014 - restated		14,736	(5,944)	8,792	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**4. Particulars of turnover, operating costs and operating surplus from social letting activities – Group and Association**

	<b>General Needs £'000</b>	<b>Supported Housing £'000</b>	<b>Shared Ownership £'000</b>	<b>2015 Total £'000</b>	<b>Restated 2014 Total £'000</b>
Rent receivable net of identifiable service charges	2,934	1,397	6	4,337	3,891
Service charges receivable	402	191	2	595	588
<b>Gross Rents Receivable</b>	<b>3,336</b>	<b>1,588</b>	<b>8</b>	<b>4,932</b>	<b>4,479</b>
Less: Void Losses	(76)	(36)	-	(112)	(110)
<b>Net Rents Receivable</b>	<b>3,260</b>	<b>1,552</b>	<b>8</b>	<b>4,820</b>	<b>4,369</b>
Grants released from deferred income	2,505	-	-	2,505	8,728
Revenue grants	37	-	-	37	88
<b>Total Income from Letting</b>	<b>5,802</b>	<b>1,552</b>	<b>8</b>	<b>7,362</b>	<b>13,185</b>
Management and maintenance administration costs	781	520	4	1,305	1,105
Service costs	396	264	2	662	546
Planned & cyclical maintenance	103	68	-	171	243
Reactive maintenance	427	283	-	710	501
Bad debts – rents and service charges	69	45	-	114	71
Depreciation of social housing and loss on component replacement	1,231	818	3	2,052	1,876
<b>Operating Costs of Social Letting</b>	<b>3,007</b>	<b>1,998</b>	<b>9</b>	<b>5,014</b>	<b>4,342</b>
<b>Operating Surplus/(Deficit) on Social Letting Activities</b>	<b>2,795</b>	<b>(446)</b>	<b>(1)</b>	<b>2,348</b>	<b>8,843</b>
2014 - restated	5,068	3,745	30		

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

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

	Other Revenue Grants £'000	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	2015 Operating Surplus / (Deficit) £'000	2014 Operating Surplus / (Deficit) Restated £'000
Support Activities	-	-	485	485	254	231	213
Care Activities	50	10,478	1,092	11,620	11,415	205	(520)
Corporate Services	-	-	464	464	464	-	-
Development & Construction of Property Activities	-	-	-	-	305	(305)	(20)
Restructuring	-	-	-	-	194	(194)	(222)
Other Activities	-	-	-	-	-	-	6
<b>Total From Other Activities</b>	<b>50</b>	<b>10,478</b>	<b>2,041</b>	<b>12,569</b>	<b>12,632</b>	<b>(63)</b>	<b>(543)</b>
2014 - restated	80	10,465	1,321	11,866	12,409	(543)	

**Particulars of turnover, operating costs and operating surplus from other activities -  
Association**

	Other Revenue Grants £'000	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	2015 Operating Surplus / (Deficit) £'000	2014 Operating Surplus / (Deficit) Restated £'000
Support Activities	-	-	485	485	435	50	185
Corporate Services	-	-	839	839	839	-	-
Development & Construction of Property Activities	-	-	-	-	305	(305)	(20)
Restructuring	-	-	-	-	194	(194)	(222)
Other Activities	-	-	-	-	-	-	6
<b>Total From Other Activities</b>	<b>-</b>	<b>-</b>	<b>1,324</b>	<b>1,324</b>	<b>1,773</b>	<b>(449)</b>	<b>(51)</b>
2014 - restated	-	405	1,146	1,551	1,602	(51)	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**6. Committee members' emoluments – Group and Association**

No committee members received remuneration or any reimbursed expenses (2014 – nil).

**7. Officers Emoluments - Group**

	2015 £'000	2014 £'000
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions, including compensation payable for loss of office)	157	388

Pension contributions made on behalf of officers with emoluments greater than £60,000	8	11
---	---	----

Emoluments payable to highest paid officer (excluding pension contributions and compensation for loss of office)	91	88
--	----	----

The number of officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

	No.	No.
£60,001 to £70,000	1	1
£70,001 to £80,000	-	1
£90,001 to £100,000	1	-
£160,000 to £170,000	-	1

**Officers Emoluments - Association**

	2015 £'000	2014 £'000
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding Pension Contributions, including compensation payable for loss of office)	0	250

Pension contributions made on behalf of officers with emoluments greater than £60,000	0	5
---	---	---

Emoluments payable to highest paid officer (excluding pension contributions and compensation for loss of office)	0	88
--	---	----

The number of officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

	No.	No.
£160,000 to £170,000	-	1

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**8. Employees - Group**

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Average monthly number of full time equivalent persons employed:	<u>451</u>	<u>424</u>
Average total number of employees employed:	<u>494</u>	<u>491</u>
	<b>£'000</b>	<b>£'000</b>
Staff costs (for the above persons)		
Wages and salaries	9,422	9,480
Social security costs	756	794
Other pension costs	733	450
Temporary, Agency and Seconded Staff	<u>667</u>	<u>749</u>
	<u>11,578</u>	<u>11,473</u>

**Employees - Association**

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Average monthly number of full time equivalent persons employed:	<u>28</u>	<u>32</u>
Average total number of employees employed:	<u>30</u>	<u>49</u>
	<b>£'000</b>	<b>£'000</b>
Staff costs (for the above persons)		
Wages and salaries	1,036	1,458
Social security costs	99	136
Other pension costs	437	187
Temporary and Agency Staff	<u>220</u>	<u>245</u>
	<u>1,792</u>	<u>2,026</u>

**9. Finance income – Group and Association**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable on deposits in the year	<u>11</u>	<u>9</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**10. Finance charges**

	Group		Association	
	2015	Restated 2014	2015	Restated 2014
	£'000	£'000	£'000	£'000
On Housing Loans & Overdrafts	554	117	554	117
On Other Loans	-	13	-	13
Net interest charges on pension liability	276	255	228	211
	<u>830</u>	<u>385</u>	<u>782</u>	<u>341</u>

**11. Exceptional items – Group and Association**

	2015	2014
	£'000	£'000
Release of Deferred Income	-	100
Release of VAT provision	-	202
	<u>-</u>	<u>302</u>

While the above items arose in the ordinary course of the Group's activities, due to their value and one off or fluctuating nature they have been disclosed as extraordinary in order to ensure that the reported turnover and operating costs are not misleading and are comparable to the prior year.

**12. Auditors remuneration**

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Auditors' Remuneration - Audit Services	<u>32</u>	<u>29</u>	<u>16</u>	<u>16</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**13. Financial commitments**

**Capital commitments – Group and Association**

All capital commitments were as follows:

	2015 £'000	2014 £'000
Expenditure contracted for, but not provided in the financial statements	7,563	6,182
Expenditure authorised by the Board but not contracted	5,893	-
	13,456	6,182

**Operating leases - Group**

At 31 March 2015 the Group had annual commitments under non-cancellable operating leases as follows:

	2015 £'000	2015 £'000	2014 £'000	2014 £'000
	Land and Buildings	Other	Land and Buildings	Other
Operating leases that expire:				
Within one year	-	-	2	3

**Operating leases - Association**

At 31 March 2015 the Association had annual commitments under non-cancellable operating leases as follows:

	2015 £'000	2015 £'000	2014 £'000	2014 £'000
	Land and Buildings	Other	Land and Buildings	Other
Operating leases that expire:				
Within one year	-	-	-	3



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**14. Fixed assets – Social housing Properties**

**Group and Association**

	<b>Social Housing Properties £'000</b>	<b>Housing Properties In course of Construction £'000</b>	<b>Completed Shared Ownership Properties £'000</b>	<b>Total £'000</b>
<b>At Valuation</b>				
As at 1st April 2014 – restated	32,141	2,953	115	35,209
Additions	1,265	8,099	-	9,364
Disposals	(254)	(33)	-	(287)
Schemes Completed	5,830	(5,830)	-	-
Revaluation	(4,376)	-	(5)	(4,381)
As at 31st March 2015	<u>34,606</u>	<u>5,189</u>	<u>110</u>	<u>39,905</u>
<b>Accumulated Depreciation</b>				
As at 1st April 2014	-	-	-	-
Charge for Year	(2,042)	-	(3)	(2,045)
Disposals	247	-	-	247
Revaluation	1,795	-	3	1,798
As at 31st March 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Book Value - valuation</b>				
As at 31st March 2015	<u>34,606</u>	<u>5,189</u>	<u>110</u>	<u>39,905</u>
As at 31st March 2014- restated	<u>32,141</u>	<u>2,953</u>	<u>115</u>	<u>35,209</u>
<b>Net Book Value – historic cost basis</b>				
As at 31st March 2015	<u>49,612</u>	<u>5,189</u>	<u>397</u>	<u>55,198</u>
As at 31st March 2014	<u>45,320</u>	<u>2,953</u>	<u>400</u>	<u>48,673</u>

Revaluation of social housing properties is accounted for by firstly removing (debiting) accumulated depreciation up to the point of revaluation (31 March 2015) of £1.798m, and then reducing (crediting) the valuation amount by £4.381m. The net of these two amounts, being a charge of £2.583m, is recorded in the Statement of Comprehensive Income as a downward valuation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**14. Housing Properties (continued)**

Additions to housing properties include capitalised interest of £156,000 (2014 – £82,552).

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors (RICS) to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RCIS at 31 March 2015 on an Existing Use Valuation for Social Housing (EUV-SH). A discount rate of 5.75% to 6.5% was used and the valuation assumes a rental income increase of RPI +0.5% for retained stock from year 2, line with the Association's 30 year Business Plan (2015-16). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

The number of units of accommodation (excluding unlettable voids) held by the Group and Association at 31 March 2015 is shown below:

	2015 – number				2014 - number			
	Owned and managed	Owned and managed by others	Managed only	Total	Owned and managed	Owned and managed by others	Managed only	Total
General Needs	746	-	-	746	682	-	-	682
Supported Housing	222	170	101	493	237	166	101	504
Shared Ownership	4	-	-	4	4	-	-	4
<b>Total Social Housing</b>	<b>972</b>	<b>170</b>	<b>101</b>	<b>1,243</b>	<b>923</b>	<b>166</b>	<b>101</b>	<b>1,190</b>

The Association leases a number of properties to other providers (local authorities, RSLs or charitable bodies) who manage the properties on their behalf. No funding is payable by the Association to the other providers in respect of these units.

The housing valuation has been based on the number of houses held for letting outlined above, excluding properties that the Association manages on behalf of others. In addition to housing properties the Association owns and manages 32 office properties within housing developments and these are included in the valuation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**15. Fixed assets - other tangible fixed assets**

**Group and Association**

	<b>Computer Equipment £'000</b>	<b>Office Premises £'000</b>	<b>Furniture &amp; Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
As at 1st April 2014	833	2,319	90	3,242
Additions	302	-	-	302
Disposals	(126)	-	(20)	(146)
As at 31st March 2015	1,009	2,319	70	3,398
<b>Accumulated Depreciation</b>				
As at 1st April 2014	776	601	66	1,443
Charge for year	129	59	1	189
Disposals	(123)	0	(9)	(132)
As at 31st March 2015	782	660	58	1,500
<b>Net Book Value</b>				
As at 31st March 2015	227	1,659	12	1,898
As at 31st March 2014	57	1,718	24	1,799

**16. Debtors**

	<b>Group</b>		<b>Association</b>	
	<b>2015 £'000</b>	<b>restated 2014 £'000</b>	<b>2015 £'000</b>	<b>restated 2014 £'000</b>
Arrears of rent & service charges	303	442	303	442
Less: Adjustment to discount arrears balances with payments plans	(4)	(5)	(4)	(5)
Less: Provision for bad and doubtful debts	(142)	(253)	(142)	(253)
	157	184	157	184
Housing association grant receivable	510	569	510	569
Other Debtors	922	904	10	24
Prepayments and accrued income	64	120	64	120
Amount due from group undertakings	570	36	63	86
	2,223	1,813	804	983

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**17. Creditors: amounts falling due within one year**

	Group		Association	
	2015	Restated 2014	2015	Restated 2014
	£'000	£'000	£'000	£'000
Housing loans	-	364	-	364
Trade creditors	50	841	34	706
Rent in advance	304	193	304	193
Other taxation and social security	183	197	24	28
Amounts due to group undertakings	1,137	110	1,570	110
Other creditors	573	768	458	656
Accruals	1,019	460	854	355
Deferred income	4,037	2,532	3,973	2,472
	<u>7,303</u>	<u>5,465</u>	<u>7,217</u>	<u>4,884</u>

*Analysis of deferred income - Group*

	Housing association grants £'000	Other grants £'000	Total £'000
Deferred income as at 31 March 2014	2,472	60	2,532
Additional income received	3,910	150	4,060
Released to Statement of comprehensive income	(2,409)	(146)	(2,555)
Deferred income as at 31 March 2015	<u>3,973</u>	<u>64</u>	<u>4,037</u>

Grant to be released to the Statement of Comprehensive Income:

2015 - all due within one year	3,973	64	4,037
2014 - all due within one year	2,472	60	2,532

*Analysis of deferred income - Association*

	Housing association grants £'000	Other grants £'000	Total £'000
Deferred income as at 31 March 2014	2,472	-	2,472
Additional income received	3,910	96	4,006
Released to Statement of comprehensive income	(2,409)	(96)	(2,505)
Deferred income as at 31 March 2015	<u>3,973</u>	<u>-</u>	<u>3,973</u>

Grant to be released to the Statement of Comprehensive Income:

2015 - all due within one year	3,973	-	3,973
2014 - all due within one year	2,472	-	2,472

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**18. Creditors: amounts falling due after more than one year – Group and Association**

	<b>2015</b>	<b>Restated 2014</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans	13,954	9,608
Deferred Income	1,563	1,504
	15,517	11,112

Housing Loans are secured by specific charges on the Group's housing properties and are repayable at varying rates of interest in instalments, due as follows:-

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	-	364
Between one and two years	-	440
Between two and five years	-	1,342
In five years or more	13,954	7,826
	13,954	9,972
Less: Amount shown in Current Liabilities	-	(364)
	13,954	9,608

**Bank lending facility**

During 2014/15 new borrowing arrangements were put in place to replace previous bank loans via a Group facility consisting of bank and capital markets debt, secured on charged properties belonging to each of the RSLs within the 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 the Wheatley Housing Group Ltd, with Loretto Housing Association having access to an intra-group facility of £32.8m secured on the Association's housing stock.

**Deferred income**

The Group receives contributions towards future alarm and furniture replacements within service charge income. Income is received in advance and is deferred until the goods/services have been provided in accordance with the Statement of Recommended Practice.

Due to the nature of the future spend, the timing is unpredictable, and therefore the full deferred amount has been included within long term liabilities without further maturity analysis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**19. Share Capital – Group and Association**

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	259
Issued in year	17
Cancelled in year	-
At 31st March 2015	<u>276</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association.

**20. Reserves**

	Group Revenue reserve	Association Revenue reserve
	£'000	£'000
As at 1 April 2014 - restated	18,171	17,826
Total comprehensive income for the year	1,502	703
At 31 March At 2015	<u>19,673</u>	<u>18,529</u>

**21. Related party transactions – Group and Association**

During the year, the following committee members held tenancies with the Association:

Thomas Connelly  
 Margo McCann  
 Laura Forbes

Their tenancies are held on normal commercial terms and the members are not able to use their position to their advantage. In 2014-15 rent and service charges payable totalled £11,449 and at the year end the arrears balance in relation to these members was nil.

The Group retains a register of members' and trustees' interests; no other transactions took place during the year with related parties.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**22. Pension scheme**

**Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit**

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

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, with the next full valuation due at 30 September 2015.

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 2015.

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 1st April 2014. Past service deficit contributions will increase each 1st 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 buyout 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.

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**22. Pensions (continued)**

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	31	March
		2015	2014	
Discount rate		3.4%	4.3%	
Future salary increases		**2.5%	*5.1%	
Inflation		2.0%	3.0%	

\* Salary increases are assumed to be 1.0% p.a. until 31 March 2015, 1.8% p.a., 5.1% p.a. thereafter.

\*\* Salary increases are assumed to be 1.8% p.a. until 31 March 2018 reverting to the long term assumption thereafter.

In valuing the liabilities of the pension fund at 31 March 2015, 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) (2014 21.0 years), 23.6 years (female) (2014 23.4 years).
- Future retiree upon reaching 65: 24.8 years (male) (2014 23.3 years), 26.2 years (female) (2014 25.3 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.



**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**22. Pensions (continued)**

*Movements in present value of defined benefit obligation*

	<b>Group 2015 £ 000</b>	<b>Association 2015 £ 000</b>
Opening defined benefit obligation	16,128	13,319
Current service cost	-	-
Interest cost	688	568
Loss on curtailment	-	-
Actuarial (gains)/ losses	(805)	(660)
Contributions by members	-	-
Estimated benefits paid	(287)	(237)
Closing defined benefit obligation	15,724	12,990

*Movements in fair value of plan assets*

	<b>Group 2015 £ 000</b>	<b>Association 2015 £ 000</b>
Opening fair value of plan assets	9,486	7,834
Expected return on plan assets	412	340
Actuarial (losses) / gains	1,813	1,497
Contributions by the employer	494	408
Contributions by the members	-	-
Estimated benefits paid	(287)	(237)
Administration costs	(17)	(14)
Closing fair value of plan assets	11,901	9,828
<b>Net liability</b>	<b>(3,823)</b>	<b>(3,162)</b>

*Expense recognised in the statement of comprehensive income*

	<b>Group 2015 £ 000</b>	<b>Association 2015 £ 000</b>
Current service cost	-	-
Losses on settlements or curtailments	-	-
Net interest on defined benefit obligation	276	228
Administration costs	17	14
	<u>293</u>	<u>242</u>

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**22. Pensions (continued)**

*The expense is recognised in the following line items in the statement of comprehensive income*

	<b>Group</b>	<b>Association</b>
	<b>2015</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Operating costs	17,646	6,787
Finance charges	830	782

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is Group: £2,618k gain, Association gain £2,157k (Group 2014: £947k loss, Association £782k loss).

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

<b>Group</b>	<b>2015</b>	<b>2014</b>
	<b>£ 000</b>	<b>£ 000</b>
Equities	4,284	3,984
Corporate bonds	4,284	3,036
Property	595	569
Alternatives	2,618	1,707
Cash	120	190
	11,901	9,486
Actual return on plan assets	2,225	1,117
<b>Association</b>	<b>2015</b>	<b>2014</b>
	<b>£ 000</b>	<b>£ 000</b>
Equities	3,538	3,291
Corporate bonds	3,538	2,507
Property	492	470
Alternatives	2,162	1,410
Cash	98	156
	9,828	7,834
Actual return on plan assets	1,837	923

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**22. Pensions (continued)**

**Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit**

*Expense recognised in the statement of comprehensive income*

	<b>Group</b>	<b>Association</b>
	<b>2015</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Current service cost	243	40
	243	40

**23. Cash flow statement**

**Cash flow from operating activities – Group**

(Deficit)/surplus for the year	(1,116)	3,719
<i>Adjustments for non-cash items:</i>		
Depreciation of tangible fixed assets	2,234	1,985
Decrease in valuation of housing properties	2,583	4,502
Increase in trade and other debtors	(410)	(176)
Increase in trade and other creditors	350	27
Decrease in provisions	-	(202)
Pension costs less contributions payable	(477)	(472)
<i>Adjustments for investing or financing activities:</i>		
Government grants utilised in the year	(2,555)	(8,728)
Interest payable	830	385
Interest received	(11)	(9)
Movement in FV of financial instruments	(1)	5
<b>Net cash generated from operating activities</b>	<b>1,427</b>	<b>1,036</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**23. Cash flow statement (continued)**

**Cash flow from operating activities – Association**

(Deficit)/surplus for the year	(1,454)	4,255
<i>Adjustments for non-cash items:</i>		
Depreciation of tangible fixed assets	2,242	1,985
Decrease in valuation of housing properties	2,583	4,502
Decrease/(increase) in trade and other debtors	179	(90)
Increase/(decrease) in trade and other creditors	841	(108)
Decrease in provisions	-	(202)
Pension costs less contributions payable	(394)	(390)
<i>Adjustments for investing or financing activities:</i>		
Government grants utilised in the year	(2,505)	(8,728)
Interest payable	782	341
Interest received	(11)	(9)
Movement in FV of financial instruments	(1)	5
<b>Net cash generated from operating activities</b>	<b>2,262</b>	<b>1,561</b>

**24. Ultimate parent organisation**

The Association is a subsidiary undertaking of Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**25. Prior year adjustments – Group and Association**

**Adjustments following adoption of FRS 102 – Group and Association**

**1) Recognition of grant income**

Previously capital grants received were netted off against the cost of housing properties. In line with the Housing SORP 2014 and FRS 102, grant received by the Group is now recognised as income in accordance with the performance model. Grant received in advance of the satisfaction of any performance conditions is held within creditors as deferred income. In the statement of financial position, this has resulted in an increase in the carrying value of housing under construction within housing properties, deferred income balances in creditors and the transfer of grant received from revaluation reserves into revenue reserves. On the Statement of Comprehensive Income, the application of the housing valuation on the revised carrying value excluding grant requires a reversal of previous decreases in the valuation to be credited to the surplus for the year. In addition, grant income for completed new build properties is included in turnover for the year and the changes to the accounting for grants increases the annual depreciation charge.

**2) Pension liability**

Loretto Housing Association and Loretto Care participated in the multi-employer defined benefit Scottish Housing Association Pension Scheme. In prior years, the cost of the scheme was accounted for on a defined contribution basis as it was not deemed possible at that time to separately identify the underlying assets and liabilities of individual participating employers.

Under FRS 102, the past service deficit liability is included in the statement of financial position and therefore the Loretto Group elected to obtain a valuation to enable full FRS 102 implementation and disclosures in relation to the scheme. This has resulted in the inclusion of the results of a SHAPs pension liability on the Statement of Financial Position, and adjustments to operating expenditure, finance income and finance costs.

**3) Fair value of debt with a payment plan**

In line with the Housing SORP 2014, all debt balances with a payment plan in place at the year-end have been measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

**4) Holiday pay accrual**

In order to fully comply with requirements of the Housing SORP 2014, a review was undertaken to identify any potential holiday pay entitlement liability at the year-end. No adjustment was required as the Association's holiday year is the same as the financial year.

*Adjustments following a change in accounting policy – Group only*

**5) Provisions – Project and Salary Equalisation**

Surpluses are no longer held as a provision in the balance sheet but are recognised in the income and expenditure account in the year in which they arise.

**6) Deferred income**

As a result of a review of the Group's approach to income recognition, local authority contract income in respect of alarm and furniture replacement is now recognised in full in the year of receipt rather than treated as deferred to the extent it is not spent during the year. As a result, the prior year Statement of Financial Position has been restated accordingly.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**25. Prior year adjustments – Group and Association continued**

*Adjustments following a change in accounting policy – Group and Association*

**7) Reallocation of restructuring costs**

In line with other Wheatley Housing Group entities the costs of restructuring have been reallocated from management and maintenance administration costs in note 3 and development activities in note 4 to a separate line of note 4. This change in policy has no impact on the overall operating costs reported for 2014.

Adjustments 1,2,3,5 and 6 result in the following restatements for the Group:

	Reported in 2014 financial statements £'000	Restatement £'000	Restated 2014 figures £'000
<i>Statement of Financial Position</i>			
Social housing properties	32,668	2,541	35,209
Debtors	1,818	(5)	1,813
Creditors due within one year	(2,994)	(2,471)	(5,465)
Creditors due after more than one year	(11,371)	259	(11,112)
Provision for future project expenditure	(471)	471	-
Pension liability	-	(6,642)	(6,642)
<b>Net decrease in net assets</b>		<b>(5,847)</b>	
Pension reserve	-	(6,642)	(6,642)
Revenue reserve excluding pension reserve	10,367	14,446	24,813
Revaluation reserve	13,651	(13,651)	-
		<b>(5,847)</b>	
 <i>Statement of Comprehensive Income</i>			
Turnover	16,328	8,723	25,051
Operating expenditure	(15,604)	(1,147)	(16,751)
Finance charges	(130)	(255)	(385)
Adjustment fair value financial instruments	-	(5)	-
Increase/(decrease) in valuation of housing properties	1,325	(5,827)	(4,502)
Actuarial loss in respect of pension schemes	-	(947)	(947)
<b>Net increase in surplus</b>		<b>542</b>	
<b>Total comprehensive income</b>	<b>2,230</b>	<b>542</b>	<b>2,772</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

**25. Prior year adjustments – Group and Association continued**

Adjustments 1, 2 and 3 result in the following restatements for the Association:

	Reported in 2014 financial statements £'000	Restatement £'000	Restated 2014 figures £'000
<i>Statement of Financial Position</i>			
Social housing properties	32,668	2,541	35,209
Debtors	988	(5)	983
Creditors due within one year	(2,412)	(2,472)	(4,884)
Pension liability	-	(5,485)	(5,485)
<b>Net decrease in net assets</b>		<b>(5,421)</b>	
Pension reserve	-	(5,485)	(5,485)
Revenue reserve excluding pension reserve	9,596	13,715	23,311
Revaluation reserve	13,651	(13,651)	-
		<b>(5,421)</b>	
 <i>Statement of Comprehensive Income</i>			
Turnover	6,008	8,728	14,736
Operating expenditure	(4,975)	(969)	(5,944)
Finance charges	(130)	(211)	(341)
Adjustment fair value financial instruments	-	(5)	
Increase/(decrease) in valuation of housing properties	1,325	(5,827)	(4,502)
Actuarial loss in respect of pension schemes	-	(782)	(782)
<b>Net increase in surplus</b>		<b>934</b>	
<b>Total comprehensive income</b>	<b>2,539</b>	<b>934</b>	<b>3,473</b>

## **SUPPLEMENTARY INFORMATION**

### **Secretary and Registered Office**

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

### **Independent Auditors**

PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ

### **Bankers**

Royal Bank of Scotland  
129 Bath Street  
Glasgow  
G2 4DR