

Loretto Housing

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended

31 March 2017

Loretto Housing Association Limited

(Co-operative & Community Benefit Society No. 1920RS)

(Scottish Housing Regulator Registration No. 154)

(Scottish Charity No. SC07241)

OPERATING REVIEW

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2017.

Principal activities

The principal activities are the provision and management of affordable rented accommodation and the provision of care and support services. Loretto Housing Association Limited and its subsidiary, Loretto Care, together the “Loretto Group”, is a wholly owned subsidiary of The Wheatley Housing Group Limited (“WHG” or “Wheatley”).

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.

The principal office of Loretto Housing is Lipton House, 2nd Floor, 170 Crown Street, Glasgow, G5 9XD.

Review of Business and Future Developments

Our year at Loretto – Annual Highlights 2016/17

The year 2016/17 saw significant progress at Loretto Housing as we pushed forward with our mission to create better homes and better lives for the people we work for.

Our ambitions to increase the supply of affordable housing saw us complete 55 new homes for social rent and begin work on over 100 more.

Our plans to create more options for older people to live independently saw us introduce more amenity housing as part of our new-build developments. Our Mossspark development in Glasgow was one example where 21 homes have been specially designed to help people with dementia or mobility issues. The development, a partnership with Southside Housing Association, also features communal areas to reduce isolation. In total over the year we built, or began work on, 79 units of amenity housing.

We also invested £2.2m in our existing homes. The work included replacing kitchens and bathrooms, new heating, roofs, doors and windows.

This record investment in our communities was achieved against a backdrop of strong business performance with improvements across a range of key measures.

Most notably our overall customer satisfaction rose from 82% to 86% while satisfaction with repairs increased from 78% to 84%.

We worked harder than ever before at listening, and responding, to what our customers want. For example we held a series of ‘Meet and Greet’ events in our local communities over summer, using the feedback gained to shape a number of improvements to our services. We were delighted that 90.56% of tenants at Loretto are now satisfied with the opportunities to participate in our decision-making, up from 76.03% last year.

OPERATING REVIEW (continued)

Over the next year, we aim to bring further improvements to our services, particularly repairs, as we realise the benefits of Wheatley becoming joint owners, with Glasgow City Council, in City Building (Glasgow). This partnership gives us an opportunity to work more closely with the repairs teams, and our other partners in Wheatley, to create a new model for repairs which can achieve consistently outstanding levels of customer service. People told us they wanted to see local, more responsive repairs teams and that is our focus as we redesign the service over the next few months.

Our work, as always, in 2016/17 went beyond housing and housing services. Sadly many of our tenants still struggle to pay their rent, put food on the table, and keep their homes - and tackling these issues is a major focus for us at Loretto Housing.

Our specialist advisors helped our customers save thousands of pounds on their energy bills, and claim more in welfare payments which they were entitled to. Our Tenancy Support Service, delivered by Loretto Housing to all social landlords in Wheatley, gave tailored support to our most vulnerable tenants who were having particular difficulties keeping their tenancy.

This year, together with our partners in Wheatley, we also gave people living in our homes more opportunities to access apprenticeships and we introduced Changing Lives traineeships for people facing real barriers to employment.

Another milestone has been the launch of Wheatley Foundation, the Wheatley Group's new charitable trust which supports our 'Better Lives' programmes.

It is chaired by Sir Harry Burns, former Chief Medical Officer of Scotland, and already it is supporting 15 different programmes across The Group's communities, all of them designed to offer new opportunities to Wheatley customers, and their families. A total of 7,466 people have benefited from the Foundation's projects which include apprenticeships, bursaries, cultural and sporting activities and a new money advice service for vulnerable people.

So we can look back on 2016/17 with pride. But, as always, we do so in the full knowledge that there is still much more to do in the months and years ahead if we're to achieve our vision of better homes, better lives.

Here are the highlights of the year 2016/17:

Our homes

We continued our work to modernise and maintain our homes, investing £2.2m in upgrades right across our communities as part of our £8m investment plans over five years.

The work for the year included; 163 new kitchens, 97 new bathrooms, 151 central heating upgrades, 114 new window replacements and a further 164 new front and rear door installations. The improvements were driven by customer feedback last summer.

We invested in neighbourhoods too with a £150,000 project bringing a dilapidated play park in Inchyra Place in Grangemouth back to life. The park means we can now work closely with residents to put on local events for children and others in the area.

We had over 1,200 homes at the end of the financial year 2016/17 with 99.75% of them meeting the Scottish Housing Quality Standard.

OPERATING REVIEW (continued)

Building affordable housing

Our plans to build more affordable homes in our communities made progress with a total of 55 new homes completed for social rent. At the end of the financial year we were building 101 more and had 114 in development.

We marked the completion of our development at Eriboll Crescent, Lambhill, in Glasgow with tenants, local elected members, staff, representatives from Glasgow City Council and contractor Cruden.

Our development at Mosspark in Glasgow of 21 amenity homes, specially designed for older people, won Best Small Affordable Housing Development at the Scottish Home Awards. The development was a partnership between Loretto Housing and Southside Housing Association.

A new repairs service

Our ambition to create a modern, local and more efficient repairs and maintenance service took a major step forward over 2016/17 when Wheatley agreed a new joint venture with Glasgow City Council.

Our parent company Wheatley Group became 50/50 joint owner of City Building (Glasgow) on 1 April, 2016. This has given us the opportunity to reshape our repairs service, designing a service which delivers consistent excellence for customers. We are working with our other Wheatley partners on developing our plans for this.

The jointly owned company is providing repairs and investment work to Loretto Housing homes as well as those of GHA and Cube.

Environmental services

Together with all our partners in Wheatley, we also invested £20million on strengthening our environmental services, restructuring the teams and recruiting almost 200 new staff including apprentices and trainees. For Loretto Housing this has meant an improved service across all the areas we work in.

As part of our mission to create communities people are proud to live in, we also launched a new partnership with Keep Scotland Beautiful which is involving tenants in assessing, grading and improving neighbourhoods.

Involving tenants

We held 28 engagement events in our communities over the summer as part of our commitment to engage with customers and better understand their views and expectations.

The events, called 'Meet and Greet in your Street' reached out to 377 customers with what they told us influencing repairs, neighbourhood environmental services and priorities for our capital investment programme.

Our Annual General Meeting is another way for tenants to become involved in our decision-making. This year's AGM, held in Glasgow, had a Brazilian Carnival theme and was attended by over 150 people.

OPERATING REVIEW (continued)

The AGM has a serious side to it as it's where we report on the year's business performance and take questions and feedback. But it's also a chance for people from across the Loretto family to get together and have fun.

Improving performance

We continued to improve our performance with 15 out of 26 measures which we report to the Scottish Housing Regulator - or 58% - in the top quartile when benchmarked with other Registered Social Landlords (RSLs). This is significant progress on last year when 42% of our reported performance measures were in the top quartile.

Performance highlights for the year included:

- customer satisfaction for Loretto Housing was 86.45%, up from 82.43% last year.
- tenants who feel their rent represents good value went up to 82.44% from 80.41%
- repairs completed right first time rose to 97.58%, up from 95.17%
- 100% of new tenants were satisfied with the quality of their home when they moved in while 89.06% of existing tenants were satisfied with the quality of their home, both up on last year.

Awards and accreditations

Loretto Housing was shortlisted for a 'Customer Service Excellence' award at the Scottish Homes Awards and also played a major part in Wheatley, our parent company:

- regaining Customer Service Excellence accreditation with 19 'compliance plus' marks, a record number and up from 16 the previous year
- being ranked no 47 in the Sunday Times list of best not-for-profit organisations to work for;
- making it into 24 Housing magazine's top 10 social landlords in the UK.

Rent campaign

Our Rent Matters annual rent campaign resulted in our best ever arrears performance over the festive period.

The campaign, which urged customers to Put Rent First, invited people who were facing difficulties to get in touch and access the wide range of help and support we have available. The campaign materials, which included, posters, bus stop advertising, newsletter articles and regular content on social media and our website, also made clear to customers what their rent pays for.

More customers go online

We are committed to supporting our customers to get online and to making it easy for them to transact with us on the internet.

Our new online self-services, which enable customers to pay their rent, book a repair and much more when and where it suits them, is growing in popularity.

Over 2016/17, a total of 34 Loretto Housing tenants signed up for online self-service bringing the total number of registered users at Loretto Housing to around 100. £89,908 was paid by customers through the online channel over the 12-month period.

OPERATING REVIEW (continued)

Our target is to see 30% of all customer transactions carried out online and our new mobile-friendly website, due to launch later in 2017, will play a part in increasing the numbers of customers registering and using our online self services.

Jobs and training opportunities

The Wheatley Group's new charitable trust, Wheatley Foundation, funds a range of employability initiatives targeted at tenants, owners and their families. These include apprenticeships as well as traineeships and Wheatley Pledge, a scheme which incentivises our suppliers to do even more for our communities.

The scale of our new-build and investment programmes also means Wheatley can create or support opportunities for people from our communities to access jobs and training each year.

In total 619 opportunities were created for people in Wheatley communities. Four people from Loretto homes took up the opportunities this year including one young person who secured a Modern Apprenticeship and two people who accessed a Changing Lives traineeship. This is a new scheme aimed at supporting people who need extra support to getting into work or training. The traineeships last for a year and involve working and learning skills alongside our environmental teams.

Helping tenants save money

We continue to support our tenants in a wide range of ways.

For example Loretto Housing's fuel advisors provide free expert advice to tenants on cutting their energy bills and keeping their homes warm.

Advisors can help tenants access the cheapest tariffs, arrange low-cost payment arrangements and, depending on their circumstances, help them write-off long-term debt.

Our My Great Start service which helps new tenants get off to a good start with their tenancy supported 105 Loretto customers to develop budgeting skills and manage their money.

Support for the most vulnerable

Our Tenancy Support Service (TSS), delivered by Loretto Housing Association for vulnerable tenants across the Group, was launched in 2015 with the aim of helping people maintain their tenancy and get more out of life.

In 2016/17, a total of 1998 tenants from across all partners in Wheatley received tailored support to cope for up to eight weeks. Of these, 27 were Loretto tenants. 100% of tenants who returned a questionnaire said they were satisfied with the service they received.

Loretto Care

Our Care subsidiary, Loretto Care, finished the year supporting 2,200 people each week and secured places on six new health and social care partnership frameworks in North Lanarkshire, Falkirk, East Renfrewshire and Glasgow, opening up new opportunities for services to grow.

While turnover remained constant compared with 2015/16 these new opportunities, in addition to a range of new grant-funded services, means care services are strongly positioned to secure

OPERATING REVIEW (continued)

sustainable growth. This is in line with the ambitions set out in 2015 in the five-year strategy, “Investing in Our Futures”.

Alongside a strong business performance, hard-working staff delivered a range of new innovative projects and activities aimed at engaging with the people we work for and supporting them to get the most out of their lives. The approach of putting each individual at the centre of what the organisation does, personalising their service package and supporting them to achieve their personal outcomes remains Loretto Care’s focus.

The quality of services, right across the areas in which the Company operates, has gone from strength to strength. Not only are Care seeing high percentages of people we work for reporting positive progress in their well-being but some of the highest grades possible in our Care Inspectorate inspections have been achieved. In each assessment of the services by the Care Inspectorate, grades of 5 (very good) or 6 (excellent) were achieved.

Performance is measured in our care services through the ‘positive distance travelled’ by people during their time receiving support with us. At the end of 2016-17, 70.59% of Loretto’s people we work for reported a positive distance travelled in relation to their mental health with 68.31% reporting a positive distance travelled in relation to their physical health. This is against a target of 60%.

The 30% target for those reporting a positive distance travelled in relation to employability, further education and/or volunteering was also exceeded, with performance at 43.11%. This does not include figures for any of our Older People Services.

Loretto Care aims to achieve Care Inspectorate grades of 5 (very good) or 6 (excellent) for all our services by 2020. Services are now well on the road to achieving that with all 13 of Loretto Care’s services, which were graded this year, awarded 5 or 6 on all themes assessed.

The South Lanarkshire Young Persons’ Intensive Outreach Service was hailed as exemplary by inspectors in January 2017. They found ‘excellent examples of innovative practice’ in the care and support provided and described staff as exceptional in all aspects of their practice.

Care services also won a number of national awards over the year. This included Loretto’s Fullarton Service in Glasgow, which supports people with alcohol related brain damage, winning Dementia and Specialist Service of the Year at the Scottish Care Awards 2016. Loretto Care gained EFQM 4 star ‘Recognised for Excellence’ and won a Quality Scotland Good Practice Award for “Adding Value for Customers”.

Barony Housing Association, which cares for 700 people across central Scotland, was welcomed into Wheatley Group in April 2016. The first year saw efforts focus primarily on integrating housing services into the group. Work has now begun on maximising the opportunities created by having two care providers working side by side under the Wheatley banner. Staff at Loretto Care, and Barony, will now share expertise, experience and resource to embed the “W.E. Care” approach across all our areas and introduce more innovative ways of delivering services.

Independent Auditor

The directors appointed KPMG LLP to act as auditor of the financial statements for the year ended 31 March 2017. In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of KPMG as auditor is to be proposed at the forthcoming Annual General Meeting.

FINANCIAL REVIEW

Income

The Group's turnover for the year ended 31 March 2017 totalled £24.4m (2016: £22.3m). The main source of income for the Group includes the provision of care services of £13.8m (2016: £13.7m). The remainder of the Group's income is primarily derived from the social rental of housing property, with net rental income of £5.3m (2016: £5.1m).

Expenditure

Operating costs of the Group in the year totalled £20.5m (2016: £18.8m), largely comprising of the following:

- Care activity costs of £13.4m (2016: £13.7m), which are primarily employee costs.
- Management and maintenance administration costs associated with affordable letting activities totalling £0.8m (2016: £0.9m).
- £0.6m of reactive maintenance costs to our social letting properties (2016: £0.5m).
- £0.5m of planned and cyclical maintenance costs including major repair costs to improve our social housing properties (2016: £0.3m)
- Depreciation expenditure for social and non-social housing assets of £2.5m (2016: £2.2m).

The Group generated an operating surplus of £4.0m (17%) (2016: £3.6m (16%)).

Other expenditure in the year includes £0.6m of interest due on loan funding (2016: £0.6m).

Total comprehensive loss for the year of £0.8m (2016: surplus of £2.3m) includes a decrease in valuation of social housing properties of £2.6m (2016: decrease of £1.9m), a decrease in valuation of office properties of £0.6m (2016: nil) and a loss of £0.9m (2016: gain of £1.3m) in respect of the SHAPS pension scheme.

Cashflows

The cash flow statement of the Group is shown on page 21. Loretto Group generated £2.6m from operating activities (2016: £3.2m), a decrease of £0.6m from the prior year, driven by investment in our environmental and repairs services due to savings realised through integration with Wheatley Housing Group systems. Cash and cash equivalents in the year decreased by £0.8m (2016: increased by £0.1m).

Rental debtors

At the statement of financial position date, the Group had rent arrears of £0.4m offset by bad debt provisions of £0.2m (2016: £0.3m and £0.2m respectively).

Liquidity

The Group's net current liability at 31 March 2017 totalled £7.0m, an increase of £2.1m in the year. This is due to the investment programme on existing properties and the development of new build properties within the Association. The Association has access to funding through a Group facility which ensures the Group does not default on liabilities as they fall due.

Capital structure and treasury

The Group's activities are funded on the basis of a Business Plan which is updated annually. Loretto Housing Association's long-term funding is provided through the Group financing subsidiary Wheatley Funding No. 1 Limited, as detailed in note 17. The Association has access to an intra-group facility of £32.8m. Interest rate risk is managed at a group level by Wheatley Funding No. 1 Limited.

FINANCIAL REVIEW (continued)

Investment in tenants' homes

During the year we invested £2.2m in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £51.9m (2016: £45.6m)

New Build

During the financial year we completed 55 new build properties across two developments. Our new build programme invested £8.8m in the year. The Business Plan includes a further projected spend of £19.2m on the new build programme in Loretto Housing Association over the next five years.

Reserves policy

Under the Statement of Recommended (Accounting) Practice ("SORP") 2014 and Financial Reporting Standard ("FRS") 102, the Association may operate with up to three principal reserves; a revenue reserve, a revaluation reserve and a pension reserve.

Revenue reserve

Revenue reserves include historic grant received in respect of the following:

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

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

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

Revaluation reserve

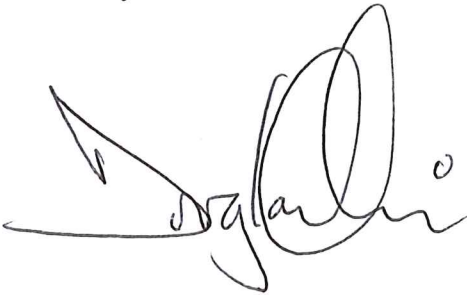
The revaluation reserve represents, to the extent applicable, the increase in valuation which has occurred over and above the cost of additions to the Association's property. This reserve is therefore also not realisable, on the basis that to do so would involve selling social housing assets and would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

FINANCIAL REVIEW (continued)

Principal risks facing the Association

The Board are responsible for assessing the risks facing Loretto Housing Group. As a subsidiary of Wheatley Housing Group, the principal risks are broadly similar to those facing the Group and can be seen in the consolidated financial statements of the Group.

By order of the Board

A handwritten signature in black ink, appearing to read 'Douglas Robin', written over a horizontal line.

Douglas Robin, Chair
30 August 2017

Wheatley House
25 Cochrane Street
Glasgow G1 1HL

LORETTO HOUSING ASSOCIATION BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS

Directors and directors' interests

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

Name	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Douglas Robin (chair)	31 October 2012	10 September 2016	-	-
Bill O'Neil	01 June 2007	25 September 2013	-	-
Gordon Findlay	31 October 2012	19 September 2016	-	-
Alex McKay*	15 June 2015	21 September 2015	-	-
Alex Robertson	15 June 2015	21 September 2015	-	-
Allan McGinness*	10 August 2015	21 September 2015	-	-
Eric Gibson	10 August 2015	21 September 2015	-	Wheatley Foundation
Thomas Connelly*	01 March 2009	-	19 September 2016	-

* tenant of the Association

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

The Directors are also trustees of the charity and are appointed by the members of the 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.

Political donations

No political donations were made by the Loretto Group in the year.

Creditor payment policy

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

Disclosure of information to auditor

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

LORETTO HOUSING ASSOCIATION BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS (continued)

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

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

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

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

The key procedures which have been established are as follows:

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

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

LORETTO HOUSING ASSOCIATION BOARD, COMMITTEE STRUCTURE AND RELATED MATTERS (continued)

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

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

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

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

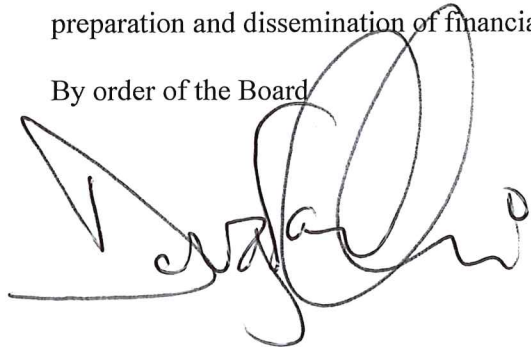
In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

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

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

By order of the Board



Douglas Robin, Director
30 August 2017

Wheatley House
25 Cochrane Street
Glasgow G1 1HL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORETTO HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Loretto Housing Association Limited for the year ended 31 March 2017 set out on pages 16 to 46. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of the Board and auditor

As more fully explained in the Statement of Board's Responsibilities set out on page 13, the association's Board of Management is responsible for the preparation of financial statements which 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the group and the association as at 31 March 2017 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2014, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORETTO HOUSING ASSOCIATION LIMITED (continued)

Matters on which we are required to report by exception

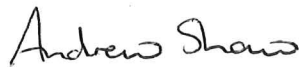
We have nothing to report in respect of the following:

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

Under the Scottish Housing Regulator Regulatory Advice Note: Internal Financial Controls and the Regulatory Standards we are required to report to you if, in our opinion the Statement on Internal Financial Control on page 12:

- does not provide the disclosures required by the relevant Regulatory Standards for RSLs 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 materially inconsistent with the knowledge acquired by us in the course of performing our audit.



Andrew Shaw
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

319 St Vincent Street

Glasgow

G2 5AS

7 September 2017

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31
MARCH 2017 - GROUP**

	Notes	Total 2017 £'000	Total 2016 £'000
Turnover	3	24,410	22,330
Operating expenditure	3	(20,455)	(18,768)
		<hr/>	<hr/>
Operating surplus		3,955	3,562
Finance income	9	5	8
Finance charges	10	(632)	(622)
Decrease in valuation of housing properties	13	(2,618)	(1,892)
Decrease in valuation of office properties	13	<u>(627)</u>	<u>-</u>
Surplus for the year		83	1,056
Actuarial (loss)/gain in respect of pension schemes	18	<u>(908)</u>	<u>1,283</u>
Total comprehensive (loss)/income for the year		<u><u>(825)</u></u>	<u><u>2,339</u></u>

All amounts relate to continuing operations.

The notes on pages 23 to 46 form part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31
MARCH 2017 - ASSOCIATION**

	<i>Note</i>	Total 2017 £'000	Total 2016 £'000
Turnover	3	10,922	8,948
Operating expenditure	3	(7,088)	(5,519)
Operating surplus		<u>3,834</u>	<u>3,429</u>
Finance income	9	5	8
Finance charges	10	(620)	(601)
Decrease in valuation of housing properties	13	(2,618)	(1,892)
Decrease in valuation of office properties	13	<u>(627)</u>	<u>-</u>
(Deficit)/Surplus for the year		(26)	944
Actuarial (loss)/gain in respect of pension schemes	18	<u>(749)</u>	<u>1,065</u>
Total comprehensive (loss)/income for the year		<u><u>(775)</u></u>	<u><u>2,009</u></u>

All amounts relate to continuing operations.

The notes on pages 23 to 46 form part of these financial statements.

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31
MARCH 2017 – GROUP**

	Total Reserves £'000
Balance at 1 April 2015	19,673
Surplus for the year	1,056
Actuarial gain in respect of pension schemes	1,283
Balance at 1 April 2016	22,012
Surplus for the year	83
Actuarial loss in respect of pension schemes	(908)
Balance at 31 March 2017	21,187

All amounts relate to continuing operations.

The notes on pages 23 to 46 form part of these financial statements.

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH
2017 - ASSOCIATION**

	Total Reserves £'000
Balance at 1 April 2015	18,529
Surplus for the year	944
Actuarial gain in respect of pension schemes	1,065
Balance at 1 April 2016	20,538
Loss for the year	(26)
Actuarial loss in respect of pension schemes	(749)
Balance at 31 March 2017	19,763

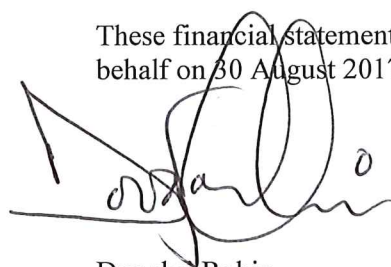
All amounts relate to continuing operations.

The notes on pages 23 to 46 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017 - GROUP

	<i>Notes</i>	2017	2016
		£'000	£'000
Fixed assets			
Social housing properties	13	51,930	45,622
Other tangible fixed assets	13	1,454	2,121
		<u>53,384</u>	<u>47,743</u>
Current assets			
Trade and other debtors	14	1,156	2,684
Cash and cash equivalents		1,681	2,438
		<u>2,837</u>	<u>5,122</u>
Creditors: amounts falling due within one year	15	(9,876)	(10,060)
Net current liabilities		<u>(7,039)</u>	<u>(4,938)</u>
Total assets less current liabilities		46,345	42,805
Creditors: amounts falling due after more than one year	16	(22,513)	(18,623)
Provisions for liabilities			
Pension liability	18	(2,645)	(2,170)
Total net assets		<u>21,187</u>	<u>22,012</u>
Reserves			
Share capital	17	-	-
Revenue reserve including pension reserve	18	21,187	22,012
Total reserves		<u>21,187</u>	<u>22,012</u>

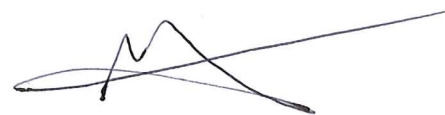
These financial statements were approved by the Board on 21 August 2017 and were signed on its behalf on 30 August 2017 by:



Douglas Robin
Director



Eric Gibson
Director



Anthony Allison
Secretary

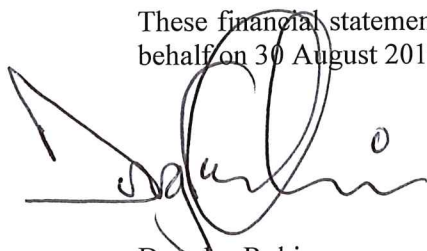
The notes on pages 23 to 46 form part of these financial statements.

Charity registration number SC07241

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017 -
ASSOCIATION**

	<i>Notes</i>	2017 £'000	2016 £'000
Fixed assets			
Social housing properties	13	51,930	45,622
Other tangible fixed assets	13	1,454	2,121
		53,384	47,743
Current assets			
Trade and other debtors	14	422	1,113
Cash and cash equivalents		476	2,141
		898	3,254
Creditors: amounts falling due within one year	15	(9,822)	(10,044)
Net current liabilities		(8,924)	(6,790)
Total assets less current liabilities		44,460	40,953
Creditors: amounts falling due after more than one year	16	(22,513)	(18,623)
Provisions for liabilities			
Pension liability	18	(2,184)	(1,792)
Total net assets		19,763	20,538
Reserves			
Share capital	17	-	-
Revenue reserve including pension reserve		19,763	20,538
Total reserves		19,763	20,538

These financial statements were approved by the Board on 21 August 2017 and were signed on its behalf on 30 August 2017 by:



Douglas Robin
Director



Eric Gibson
Director



Anthony Allison
Secretary

The notes on pages 23 to 46 form part of these financial statements.

Charity registration number SC07241

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017 -
GROUP**

	<i>Notes</i>	2017 £'000	2016 £'000
Net cash generated from operating activities	20	2,561	3,163
Cash flow from investing activities			
Improvement of properties – housing stock	13	(2,234)	(1,591)
New build	13	(8,838)	(7,961)
Purchase of other fixed assets	13	(274)	(466)
Grants received	15	4,590	4,517
Finance income	9	5	8
		(6,751)	(5,493)
Cash flow from financing activities			
Finance charges		(559)	(523)
Financing draw down		3,992	3,001
		3,433	2,478
Net change in cash and cash equivalents		(757)	148
Cash and cash equivalents at beginning of the year		2,438	2,290
Cash and cash equivalents at end of the year		1,681	2,438
Cash and cash equivalents at 31 March			
Cash		1,681	2,438
Bank overdraft		-	-
		1,681	2,438

The notes on pages 23 to 46 form part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017 -
ASSOCIATION**

	<i>Notes</i>	2017 £'000	2016 £'000
Net cash generated from operating activities	20	1,720	3,339
Cash flow from investing activities			
Improvement of properties – housing stock	13	(2,234)	(1,591)
New build	13	(8,838)	(7,961)
Purchase of other fixed assets	13	(274)	(466)
Grants received	15	4,523	4,494
Finance income	9	5	8
		(6,818)	(5,516)
Cash flow from financing activities			
Finance charges		(559)	(501)
Financing draw down		3,992	3,001
		3,433	2,500
Net change in cash and cash equivalents		(1,665)	323
Cash and cash equivalents at beginning of the year		2,141	1,818
Cash and cash equivalents at end of the year		476	2,141
Cash and cash equivalents at 31 March			
Cash		476	2,141
Overdraft		-	-
		476	2,141

The notes on pages 23 to 46 form part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Legal status

Loretto Housing Group Limited (“Loretto” or “the Company”) is a wholly owned subsidiary of The Wheatley Housing Group (“WHG”). The Association is registered under the Co-operative and Community Benefit Societies Act 2014 No.1920RS and is a registered Scottish Charity No.SC07241. Loretto is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principle activity of the Group is the provision of social housing and associated housing management and care services.

The Company and its subsidiary Loretto Care are referred to as “Loretto Group”. The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL.

Loretto Housing Group Limited is a public benefit entity.

2. Accounting policies

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

Basis of accounting

The financial statements of 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 social housing providers 2014 (“SORP 2014”), issued by the National Housing Federation and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000. The results of Loretto Care are prepared under the Charities SORP 2015.

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 terms financial forecasts and plans which include an assessment of the availability of funding, the certainty of cash flow from the rental of social housing stock and care contracts. 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.

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

Accounting judgements and estimations

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

Judgements have been made in:

- Determining the appropriate discount rates used in the valuation of housing properties,
- Component accounting and the assessment of useful lives;
- The assessment of the fair value of financial instruments;

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Accounting policies (continued)

- 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 advisers.

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

The Association is a wholly owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Association and Group have taken advantage of the exemption, under the terms of FRS 102, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Turnover

Turnover, which is stated net of value added tax, represents income receivable from lettings and service charges, fees receivable, revenue grants and other income. Turnover is recognised when there is entitlement, any performance conditions attached have been met, it is probable income will be received and the amount can be realised reliably. Income received in advance is treated as deferred income.

Grant income

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is recognised as income using the performance model in accordance with the Statement of Recommended Practice for social housing providers 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.

Financial Instruments

Loans provided by Wheatley Funding Number 1 Limited ("WFL1"), are classed as basic financial instruments under the requirements of FRS 102, and are measured at amortised cost. In the case of

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Accounting policies (continued)

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 Benefit 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 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 - 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**

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

The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs that result in enhancement of the economic benefits of the asset. Included in the cost of capitalised improvement works are the direct costs of staff engaged in the investment programme.

• **Depreciation and Impairment**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Accounting policies (continued)

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

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

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

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 staff costs attributable to the delivery of the capital investment programme;
- The cost of packages of work completed on void properties; and
- Other directly attributable internal and external costs.

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Accounting policies (continued)

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

Other tangible fixed assets

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

	Economic Life
Furniture, fittings and office equipment (cost)	5 yrs
Computer equipment (cost)	3 yrs
Office Improvements (cost)	10 yrs

Office premises are held at valuation, and are depreciated, on a straight line basis, over a useful life of 40 years. Valuations are made on a regular basis to ensure the carrying amount does not differ materially from the fair value at the end of the reporting period. Valuations are carried out at least every 5 years.

Provisions

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

Taxation

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

Value Added Tax

Loretto Housing Association and Loretto Care are registered for VAT and are members of the Wheatley 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 2017 (continued)**

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

	Turnover	Operating Costs	2017 Operating surplus/ (deficit)	2016 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	9,031	(4,732)	4,299	3,709
Other activities (note 5)	15,379	(15,723)	(344)	(147)
Total	24,410	(20,455)	3,955	3,562
Total for previous reporting period	22,330	(18,768)	3,562	

Particulars of turnover, operating costs and operating surplus – Association

	Turnover	Operating Costs	2017 Operating surplus/ (deficit)	2016 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	9,031	(4,732)	4,299	3,709
Other activities (note 5)	1,891	(2,356)	(465)	(280)
Total	10,922	(7,088)	3,834	3,429
Total for previous reporting period	8,948	(5,519)	3,429	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

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

	General Needs £'000	Supported Housing £'000	Shared Ownership £'000	2017 Total £'000	2016 Total £'000
Rent receivable net of service charges	3,337	1,460	7	4,804	4,658
Service charges	420	199	3	622	610
Gross income from rents and service charges	3,757	1,659	10	5,426	5,268
Less rent losses from voids	(125)	(45)	-	(170)	(151)
Net income from rents and service charges	3,632	1,614	10	5,256	5,117
Grants released from deferred income	3,775	-	-	3,775	2,967
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	7,407	1,614	10	9,031	8,084
Management and maintenance administration costs	235	567	5	807	895
Service costs	180	294	2	476	659
Planned and cyclical maintenance including major repairs costs	399	139	-	538	268
Reactive maintenance costs	387	238	-	625	549
Bad debts – rents and service charges	62	40	-	102	61
Depreciation of affordable let properties	1,416	765	3	2,184	1,943
Operating costs from social letting activities	2,679	2,043	10	4,732	4,375
Operating surplus from social lettings	4,728	(429)	-	4,299	3,709
Operating surplus/(deficit) from social lettings for the previous reporting period	3,999	(288)	(2)		

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (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	2017 Operating Surplus / (Deficit) £'000	2016 Operating Surplus / (Deficit) £'000
Support activities	-	-	578	578	(750)	(172)	246
Wider role activities to support the community	-	-	-	-	(78)	(78)	(71)
Care activities	167	10,212	3,438	13,817	(13,407)	410	36
Corporate services	-	-	-	-	-	-	-
Development & construction of property activities	-	-	984	984	(1,031)	(47)	(114)
Depreciation – non social housing	-	-	-	-	(314)	(314)	(244)
Organisation restructuring	-	-	-	-	(143)	(143)	-
Total from other activities	167	10,212	5,000	15,379	(15,723)	(344)	(147)
Total from other activities for the previous reporting period	23	11,009	3,214	14,246	(14,393)	(147)	

**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	2017 Operating Surplus / (Deficit) £'000	2016 Operating Surplus / (Deficit) £'000
Support activities	-	-	578	578	(605)	(27)	(41)
Wider role activities to support the community	-	-	-	-	(163)	(163)	(71)
Corporate services	-	-	329	329	(148)	181	190
Development and construction of property activities	-	-	984	984	(1,032)	(48)	(114)
Depreciation – non social housing	-	-	-	-	(314)	(314)	(244)
Organisation restructuring	-	-	-	-	(94)	(94)	-
Total from other activities	-	-	1,891	1,891	(2,356)	(465)	(280)
Total from other activities for the previous reporting period	-	-	864	864	(1,144)	(280)	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

6. Board members' emoluments – Group and Association

No Board members received remuneration or any reimbursed expenses (2016: nil).

7. Key Management Emoluments – Group

	2017	2016
	£'000	£'000
Aggregate emoluments payable to key management (excluding pension contributions and benefits in kind)	164	161
Pension contributions made on behalf of officers with emoluments greater than £60,000	8	8
Emoluments payable to highest paid key management (excluding pension contributions)	95	94
During the periods the key management's emoluments (excluding pension contributions) fell within the following band distributions:		
	No.	No.
£60,001 to £70,000	1	1
£90,001 to £100,000	1	1

Officers Emoluments – Association

	2017	2016
	£'000	£'000
Aggregate emoluments payable to key management (excluding Pension Contributions and benefits in kind)	-	-
Pension contributions made on behalf of officers with emoluments greater than £60,000	-	-
Emoluments payable to highest paid officer greater than £60,000 (excluding pension contributions and compensation for loss of office)	-	-

There were no officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 during the year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

8. Employees - Group

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>417</u>	<u>407</u>
The average total number of employees employed during the year was	<u>531</u>	<u>508</u>
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	10,733	11,246
Social security costs	874	820
Pension costs	904	784
Pension service credit	<u>(506)</u>	<u>(406)</u>
	<u>12,005</u>	<u>12,444</u>

Employees - Association

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	30	21
The average total number of employees employed during the year was	31	21
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	1,032	719
Social security costs	103	70
Pension costs	473	449
Pension service credit	<u>(418)</u>	<u>(406)</u>
	<u>1,190</u>	<u>832</u>

9. Finance income – Group and Association

	2017	2016
	£'000	£'000
Bank interest receivable on deposits in the year	<u>5</u>	<u>8</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

10. Finance charges

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Interest on intra group loans	559	500	559	500
Net interest charges on pension liability	73	122	61	101
	<u>632</u>	<u>622</u>	<u>620</u>	<u>601</u>

11. Auditor's remuneration

The remuneration of the auditors (excluding VAT) is as follows:

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Audit of these financial statements	<u>27</u>	<u>32</u>	<u>15</u>	<u>16</u>

12. Financial commitments

Capital commitments – Group and Association

All capital commitments were as follows:

	2017	2016
	£'000	£'000
Expenditure contracted for, but not provided in the financial statements	2,877	6,530
Expenditure authorised by the Board but not contracted	9,216	-
	<u>12,093</u>	<u>6,530</u>

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

Operating leases – Group and Association

At 31 March 2017 the Group had no annual commitments under non-cancellable operating leases (2016: nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

13. Tangible fixed assets

Social housing Properties

Group and Association

	Social Housing Properties £'000	Shared Ownership Properties £'000	Housing Under Construction £'000	Total £'000
Valuation				
At 1 April 2016	38,260	120	7,242	45,622
Additions	2,234	-	8,838	11,072
Disposals	-	-	-	-
Transfer	6,650	-	(6,650)	-
Revaluation	(4,757)	(7)	-	(4,764)
At 31 March 2017	42,387	113	9,430	51,930
Accumulated Depreciation				
As at 1 April 2016	-	-	-	-
Charge for year	(2,142)	(4)	-	(2,146)
Disposals	-	-	-	-
Revaluation	2,142	4	-	2,146
At 31 March 2017	-	-	-	-
Net Book Value - Valuation				
At 31 March 2017	42,387	113	9,430	51,930
At 31 March 2016	38,260	120	7,242	45,622
Net Book Value – Cost				
At 31 March 2017	61,913	390	9,430	71,734
At 31 March 2016	55,171	394	7,242	62,807

Total expenditure on repairs and capital improvements in the year on existing properties was £3,397k (2016: £2,408k). Of this, repair costs of £1,163k (2016: £817k) were charged to the Statement of Comprehensive Income (note 4) with capital improvement of £2,234k (2016: £1,591k) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £2,234k (2016: £1,591k) in the year include:

- £1,643k in relation to the replacement of components (2016: £1,254k); and
- £591k on the improvement of components (2016: £337k).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

13. Tangible fixed assets (continued)

Additions to housing under construction include capitalised interest costs of £591k (2016: £223k). Interest has been capitalised at the weighted average interest cost for the Association of 5.56% (2016: 6.02%)

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 2017 on an Existing Use Valuation for Social Housing (EUV-SH). A discount rate of 5.75% to 6.50% was used and the valuation assumes a rental income increase of inflation + 0.5% for the next 3 years, line with the Association's 30 year Business Plan (2017-18).

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 2016/17 the Association did not dispose of any properties to tenants under Right to Buy entitlements (2015-16: nil).

The number of units of accommodation (excluding unlettable voids) held by the Group and Association at 31 March 2017 is shown below:

	2017 – number				2016 – 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	850	-	-	850	793	-	-	793
Supported Housing	222	170	101	493	222	170	101	493
Shared Ownership	4	-	-	4	4	-	-	4
Total Social Housing	1,076	170	101	1,347	1,019	170	101	1,290

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 30 office properties within housing developments and these are included in the valuation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

13. Tangible fixed assets (continued)

Other tangible fixed assets

Group and Association

	Office Premises £'000	Office Improvements £'000	Furniture, fittings & Equipment £'000	Computer Equipment £'000	Total £'000
Cost or valuation					
At 1 April 2016	2,625	-	36	473	3,134
Transfer in the year	(957)	957	-	-	-
Additions	-	135	112	27	274
Disposals	-	-	(30)	(3)	(33)
Revaluation	(1,193)	-	-	-	(1,193)
At 31 March 2017	475	1,092	118	497	2,182
Accumulated Depreciation					
At 1 April 2016	718	-	32	263	1,013
Transfer in the year	(193)	193	-	-	-
Charge for year	41	110	6	157	314
Disposals	-	-	(30)	(3)	(33)
Revaluation	(566)	-	-	-	(566)
At 31 March 2017	-	303	8	417	728
Net Book Value					
At 31 March 2017	475	789	110	80	1,454
At 31 March 2016	1,907	-	4	210	2,121

Office premises were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2017 in accordance with the appraisal and valuation manual of the RICS. Office premises are subject to valuation at least every five years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

14. Debtors

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Arrears of rent & service charges	376	348	376	348
Adjustment to discount arrears balances with payments plans to NPV	(2)	(6)	(2)	(6)
Less: Provision for bad and doubtful debts	(164)	(160)	(164)	(160)
	<u>210</u>	<u>182</u>	<u>210</u>	<u>182</u>
Prepayments and accrued income	4	-	4	-
Other Debtors	922	1,893	208	931
Due from other group companies	20	609	-	-
	<u>1,156</u>	<u>2,684</u>	<u>422</u>	<u>1,113</u>

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

15. Creditors: amounts falling due within one year

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	186	158	161	101
Accruals	1,261	2,459	1,072	2,290
Deferred income	5,420	5,708	5,264	5,500
Rent and service charges received in advance	361	315	361	315
Salaries, wages, other taxation and social security	273	221	84	64
Other creditors	120	166	60	65
Due to other group companies	2,255	1,033	2,820	1,709
	<u>9,876</u>	<u>10,060</u>	<u>9,822</u>	<u>10,044</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

15. Creditors: amounts falling due within one year (continued)

Analysis of deferred income - Group

	Housing association grants £'000	Other grants/ income £'000	Total £'000
Deferred income as at 1 April 2016	4,774	934	5,708
Additional income received	4,138	452	4,590
Released to Statement of Comprehensive Income	(3,648)	(1,294)	(4,942)
Deferred income as at 31 March 2017	5,264	92	5,356
Grant to be released to the Statement of Comprehensive Income:			
2017 - all due within one year	5,264	92	5,356
2016 - all due within one year	4,774	934	5,708

Analysis of deferred income – Association

	Housing association grants £'000	Other grant/ income £'000	Total £'000
Deferred income as at 1 April 2016	4,774	726	5,500
Additional income received	4,138	385	4,523
Released to Statement of Comprehensive Income	(3,648)	(1,111)	(4,759)
Deferred income as at 31 March 2017	5,264	-	5,264
Grant to be released to the Statement of Comprehensive Income:			
2017 – all due within one year	5,264	-	5,264
2016 – all due within one year	4,774	726	5,500

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

	2017 £'000	2016 £'000
Deferred Income	1,566	1,668
Amount due to group company	20,947	16,955
	22,513	18,623

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

**16. Creditors: amounts falling due after more than one year – Group and Association
(continued)**

Bank lending facility

Borrowing arrangements are in place 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 is made up of a committed facility of £679.0m from a syndicate of commercial banks, a committed facility of £132.5m from the European Investment Bank and £300m raised through the issue of a public bond. This provides total facilities of £1,111.5m for RSLs within the Wheatley Group to develop new housing. This facility is provided through Wheatley Funding No.1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Limited, with Loretto Housing Association having access to an intra-group facility of £32.8m secured on the Association's housing stock. Interest in the year has been charged at 5.56% (2016: 5.38%).

Loretto Housing Association Limited has secured a major portion of its housing stock against this facility, however the remainder of its housing stock and any future new build properties will remain unsecured.

Borrowings are repayable as follows

	2017	2016
	£'000	£'000
In less than one year	-	-
In more than one year but less than two years	-	-
In more than two years but less than five years	-	-
In more than five years	20,947	16,955
	<u>20,947</u>	<u>16,955</u>

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 for registered social housing providers 2014.

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.

17. Share Capital

Shares of £1 each issued and fully paid	£
At 1 April	277
Issued in year	<u>5</u>
At 31 March	<u>282</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

17. Share Capital (continued)

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.

18. Pensions

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”), a multi-employer defined benefit scheme. It is funded and contracted out of the State Pension Scheme. With effect from 1 July 2013 Loretto Housing Association and Loretto Care ceased to offer membership of the defined benefit scheme, with all active employee members transferred to the SHAPS Defined Contribution 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 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 2017.

Following consideration of the results of the last valuation at 30 September 2015, the shortfall in the scheme reduced from £304m to £198m. It was agreed that this would continue to be dealt with by the payment of additional contributions. These were previously set at 5.4% of pensionable salaries per annum with effect from 1st April 2014 for a period of 13 years and following the most recent valuation, the period over which the past service deficit contributions are payable has been shortened by 5 years to 8 years. Past service deficit contributions continue to 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

18. Pensions (continued)

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.

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 2017	31 March 2016
Discount rate	2.8%	3.8%
Future salary increases	*2.5%	*2.5%
Inflation	2.3%	2.1%

* Salary increases are assumed to be 2% p.a. until 31 March 2019, 2.5% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2017, 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) (2016: 22.1 years), 23.6 years (female) (2016: 23.6 years).
- Future retiree upon reaching 65: 24.8 years (male) (2016: 24.8 years), 26.2 years (female) (2016: 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

18. Pensions (continued)

Movements in present value of defined benefit obligation

	Group 2017 £'000	Association 2017 £'000	Group 2016 £'000	Association 2016 £'000
Opening defined benefit obligation	14,186	11,715	15,724	12,990
Current service cost	-	-	-	-
Interest cost	530	438	528	436
Loss on curtailment	-	-	-	-
Actuarial gains/(losses)	4,088	3,375	(1,641)	(1,360)
Contributions by members	-	-	-	-
Estimated benefits paid	(486)	(401)	(425)	(351)
Closing defined benefit obligation	18,318	15,127	14,186	11,715

Movements in fair value of plan assets

	Group 2017 £'000	Association 2017 £'000	Group 2016 £'000	Association 2016 £'000
Opening fair value of plan assets	12,016	9,923	11,901	9,828
Expected return on plan assets	457	377	406	335
Actuarial gains/(losses)	3,180	2,626	(358)	(295)
Contributions by the employer	523	432	509	420
Contributions by the members	-	-	-	-
Estimated benefits paid	(486)	(401)	(425)	(351)
Administration costs	(17)	(14)	(17)	(14)
Closing fair value of plan assets	15,673	12,943	12,016	9,923
Net liability	(2,645)	(2,184)	(2,170)	(1,792)

Expense recognised in the statement of comprehensive income

	Group 2017 £'000	Association 2017 £'000	Group 2016 £'000	Association 2016 £'000
Current service cost	-	-	-	-
Losses on settlements or curtailments	-	-	-	-
Net interest on defined benefit obligation	73	61	122	101
Administration costs	17	14	17	14
	90	75	139	115

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

18. Pensions (continued)

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

	Group 2017 £'000	Association 2017 £'000	Group 2016 £'000	Association 2016 £'000
Operating costs	(20,386)	(7,005)	(18,768)	(5,519)
Finance charges	(632)	(620)	(622)	(601)

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is Group: £908k loss, Association £749k loss (Group 2016: £2,618k gain, Association £2,157k gain).

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

Group	2017 £'000	2016 £'000
Equities	5,486	4,446
Corporate bonds	5,486	3,845
Property	627	601
Alternatives	3,760	2,884
Cash	314	240
	15,673	12,016
Actual return on plan assets	3,637	48
Association	2017 £ '000	2016 £'000
Equities	4,530	3,672
Corporate bonds	4,530	3,175
Property	518	496
Alternatives	3,106	2,382
Cash	259	198
	12,943	9,923
Actual return on plan assets	3,003	40

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

18. Pensions (continued)

Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit

Expense recognised in the statement of comprehensive income

	Group 2017 £ '000	Association 2017 £'000	Group 2016 £'000	Association 2016 £'000
Current service cost	252	41	246	36
	252	41	246	36

19. Related party transactions – Group and Association

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

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

Tenant Board Members

The following members are tenants of the Association and have tenancy agreements that are on the Association's normal terms and they cannot use their positions to their advantage.

Tom Connelly
Alex McKay
Allan McGinness

Transactions entered into with members, and rent arrear balances outstanding at 31 March 2017 are as follows:

	2017 £'000
Rent charged during the year	10
Arrear balances outstanding at 31 March 2017	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

20. Cash flow analysis

Cash flow from operating activities – Group

	2017	2016
	£'000	£'000
Surplus for the year	83	1,056
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	2,460	2,186
Decrease in trade and other receivables	1,528	384
Increase in trade and other creditors	66	512
Pension costs less contributions payable	(506)	(492)
<u>Adjustments for investing or financing activities:</u>		
Government grants utilised in the year	(4,942)	(2,990)
Interest payable	632	623
Interest received	(5)	(8)
Reversal of previous decrease in valuation of housing properties	2,618	1,892
Decrease in valuation of office properties	627	-
Net cash inflow from operating activities	2,561	3,163

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

20. Cash flow analysis (continued)

Cash flow from operating activities – Association

	2017	2016
	£'000	£'000
(Deficit)/surplus for the year	(26)	944
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	2,460	2,186
Decrease/(increase) in trade and other debtors	690	(308)
(Decrease)/increase in trade and other creditors	(1,071)	1,405
Pension costs less contributions payable	(418)	(406)
<u>Adjustments for investing or financing activities:</u>		
Government grants utilised in the year	(3,775)	(2,967)
Interest payable	620	601
Interest received	(5)	(8)
Reversal of previous decrease in valuation of housing properties	2,618	1,892
Decrease in valuation of office properties	627	-
Net cash inflow from operating activities	1,720	3,339

21. Ultimate parent organisation

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

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

22. Post balance sheet events

On 1 April 2017 the Wheatley Housing Group became 50:50 joint owners of City Building (Glasgow) LLP with Glasgow City Council. This joint venture entity will provide repairs and investment works and services to the Wheatley Group and Glasgow City Council.

Wheatley Funding No. 1 Limited issued a £100m private placement bond to BlackRock on 10 May 2017. This was issued at a fixed rate of 3.125% for 15 years.

SUPPLEMENTARY INFORMATION

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Bankers

Royal Bank of Scotland
Glasgow Corporate Office
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